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## 1 PROCUREMENT AT QLDC

At Queenstown Lakes District Council (QLDC) we spend in excess of \$100 million per year on works, goods and services that help deliver infrastructure, facilities and services for our communities.

The scale of our procurement programme impacts on Council’s budget, our community’s quality of life, and our district’s economy.

Most of QLDC’s funding comes from ratepayers and we are accountable to them for the way we spend their money. Our Procurement Policy requires us to Play by the Rules, that means we need to be accountable, transparent and reasonable when we procure the goods, services and works needed to deliver the best Public Value for our residents.

**Public Value** goes beyond simply getting a good price. It includes considering **Broader Outcomes** such as the job creation opportunities in our district, economic growth and caring for our environment and biodiversity.

The purpose of this Guide is to provide Buyers with the support to operationalise the **Procurement Policy** (the Policy). The Guide will also provide Buyers (and Suppliers) with a consistent, repeatable procurement process to enable the efficient and effective procurement of works, goods and services.

Queenstown Lakes District Council wishes to thank and acknowledge NZ Government Procurement, members of the Local Government Strategic Procurement Group and in particular Hastings District Council for the open sourcing of procurement information and resources.

## 2 GETTING PROCUREMENT RIGHT

We want to make it easy for staff to follow the right steps when planning, sourcing, and managing procurement. This Guide is an important part of our developing procurement framework. The Procurement Policy sets out “what” we must consider, this Guide and the procurement tools and templates along with support from the Procurement Team will help you with the “how” and “why”.

By ensuring QLDC staff have the right guidance, training and tools, QLDC will achieve its three strategic procurement goals of:

- optimising public value
- supporting the delivery of QLDC objectives through efficient and effective procurement
- building procurement capacity and capability.

Council’s developing procurement framework will help us to become capable and confident in procurement.

## 3 CONTEXT AND USING THIS GUIDE

The Guide covers all procurement activity at QLDC but focuses on procurement activity where the whole of life cost is estimated to be greater than \$10,000.

For procurement activity with a whole of life cost of less than \$10,000 you are not required to undertake a procurement plan or use the Contract Register. In these situations, the finance system provides the necessary controls and reporting.

Definitions to key words and concepts can be found in Appendix 1.

## 4 WAKA KOTAHI NZTA PROCUREMENT MANUAL

For activities funded by the National Land Transport Programme, Waka Kotahi requires that its **Procurement Manual** is the guiding document. The Procurement Manual places additional requirements on QLDC as the Buyer. This Guide compliments but does not replace Waka Kotahi’s Procurement Manual. Useful tools and templates from NZTA are also available in SM021.

## 5 THE PROCUREMENT LIFECYCLE

The Guide is structured to reflect the procurement lifecycle which is divided into three sections ‘Plan’, ‘Source’, and ‘Manage’:

- Plan: Understanding what is needed and the supply options
- Source: Balancing Price and Non-price attributes to find the supplier best equipped to provide that need, and
- Manage: Receive the service or product and manage any related supply agreement (Manage)

These are further broken down into eight distinct but interrelated stages of the Procurement Lifecycle.



Diagram 5.1 – Procurement Lifecycle (adapted from Mastering procurement)

For ease of explanation the Procurement Lifecycle is represented as a series of consecutive stages. In practice however, some stages can sometimes be done concurrently. For example, identifying needs, market analysis and specifying requirements can sometimes be done as one exercise or in parallel by different people.

## 6 PREPARING FOR YOUR PROCUREMENT

### 6.1 OUR PROCUREMENT PRINCIPLES & CHARTER

QLSC staff and those working (including contracting) on behalf of QLDC need to consider the Procurement Policy’s principles and charter to ensure Council maintains a reputation for being fair, transparent, and equitable.

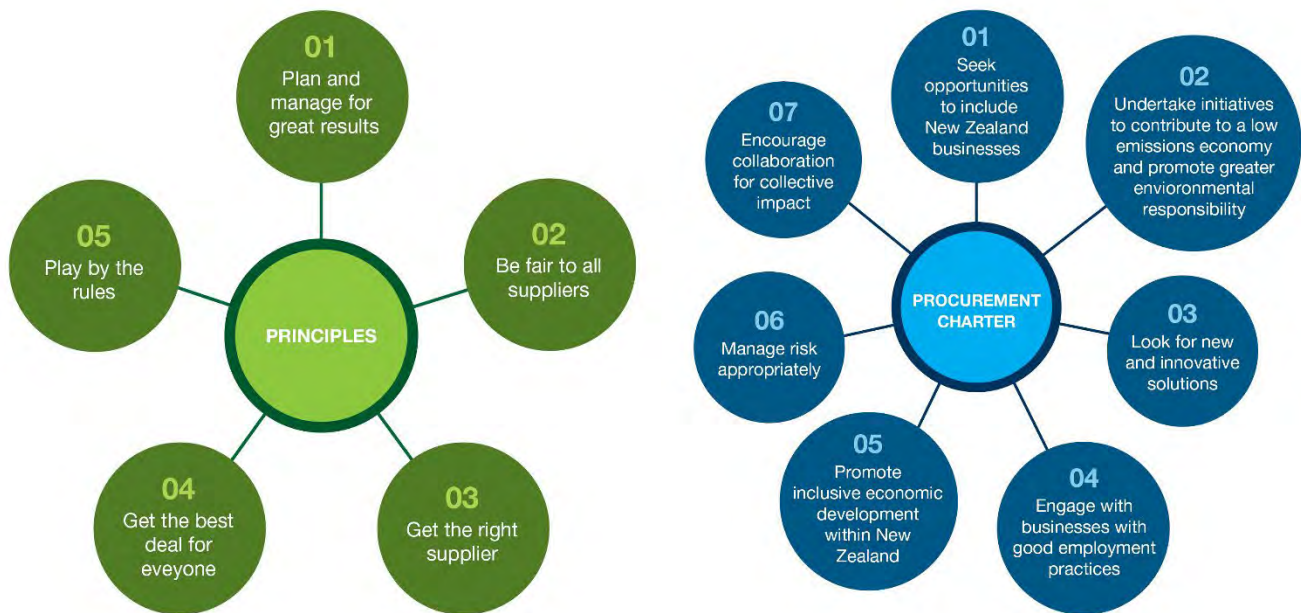


Diagram 6.1 – Procurement Principles and Charter (Procurement Policy s5.1 & s5.2)

### 6.2 DOCUMENTATION AND RECORD KEEPING

It is critical that we capture our thinking so we can justify our procurement decisions.

This means we need to be able to demonstrate “what” decisions we made (Procurement Methodology), and “why” we made those decisions (Procurement Rationale) and that these decisions are recorded.

Depending on the size and complexity of the procurement activity there are different ways of documenting and recording our actions. Some will be recorded in on-line forms, procurement plans, whereas others will be captured through QLDC’s Contracts Register.

QLDC staff must maintain a high standard of record keeping throughout the procurement lifecycle.

### 6.3 PROCUREMENT, DELEGATED AUTHORITY AND THE REGISTER OF DELEGATIONS

The **Register of Delegations** is a record of who is authorised to enter into specified transactions. If you have any questions about how the Register of Delegations applies speak to your reporting manager in the first instance.

The Sub-Delegations Financial section is very clear:

5. *Transactions must not be segregated into separate, repeat, related or ancillary transactions for the purpose of avoiding a breach of a financial delegation limit.*
6. *When determining whether a transaction exceeds the capital expenditure or operational expenditure limits, repeat, related or ancillary transactions must be aggregated:
 
  - > *If in doubt over whether separate, repeat, related or ancillary transactions are to be aggregated ... an officer is required to consult their reporting manager.**
7. *The value of a contract or deed must be calculated as the total value over the full term of the contract or deed ...*

A number of procurement processes are automated through our QLDC's enterprise software system. The on-line forms generally rely on the sign-off process of Recommend / Endorse (optional) / Approve. The "approve" process is linked to financial limits in the Register of Delegations.

### 6.4 SUB-DELEGATIONS FINANCIAL

The Policy provides that procurement approvals are managed through the Register of Delegations in the sections: Delegations from Council to the Chief Executive and Sub-Delegations Financial.

This means that to approve any procurement activity such as a Procurement Plan, Procurement Departure Request or Procurement Recommendation Report, you must have the appropriate delegated authority.

Before starting, understand the whole of life value of the procurement activity you are planning to make, this is the value you will need to have delegated authority for.

QLDC staff positions are categorised for financial delegation. The following tables sets out the categories:

	Limits	
	Value Operational Transaction	Value Capital Transaction
<b>CATEGORY A</b>	\$1,000,000	\$4,000,000 \$20,000,000 for transactions with the Local Government Funding Agency
<b>CATEGORY B</b>	\$500,000	\$1,000,000
<b>CATEGORY B1</b>	\$250,000	\$500,000
<b>CATEGORY C</b>	\$100,000	\$400,000
<b>CATEGORY D</b>	\$20,000	\$100,000
<b>CATEGORY E</b>	\$5,000	\$1,000
<b>CATEGORY F</b>	\$1,000	\$1,000

Table 6.4- Delegated authority by position categories (Register of Delegations 20.09.2021)

To find out the financial delegation of your position– see your Position Description or Schedule 1 of Register of Delegations.

## 6.5 SPEND ANALYSIS & ESTIMATING THE WHOLE OF LIFE COST

For renewals and the procurement of existing activities a spend analysis will identify all expenditure (contract charges and other historical costs) related to the delivery of the goods and services over a period of time, for example the average annual cost per annum over the previous years of the contract term.

The purpose is to quantify the whole-of-life costs and spend and cost trends.

For new procurement activity of goods or services calculate the costs for any base contract term, plus planned extensions.

Compare this figure with your budget. If they do not match reconsider the level of budget you may require. If the budget is fixed you may need to reconsider what level of needs can be met.

Further support in this area is available from the Finance team.

## 6.6 CONFIRM YOUR BUDGET

Approved funding is documented in the Annual Plan (AP) and Long-Term Plan (LTP). You should confirm approval for the budget and the availability of funds from the person with the appropriate level of delegated authority, e.g. your manager or their manager.

If your procurement is unbudgeted or additional budget is needed, discuss this with your manager or your Finance representative.

## 6.7 FINANCIAL THRESHOLDS FOR PROCUREMENT PLANNING & PROCUREMENT METHODS

QLDC procurement starts with the consideration of financial thresholds. To determine the financial threshold, the whole of life cost of the procurement activity must first be estimated.

Once estimated the type of procurement planning is considered. The sourcing method is an output of procurement planning.

Within the “\$100,000 or greater” spend bracket the default is an open market approach. Anything other than open market must be associated with a **Procurement Departure Request**.

The following table from section 9 of the Policy summarises the default procurement processes:

Spend Bracket	Estimated Whole of Life Spend	Procurement Planning Required *	Sourcing Methods Available
1.	Less than \$10,000	Not mandated	All
2.	From \$10,000 to less than \$100,000	Lite	All
3.	\$100,000 and greater	Full	1. Open market 2. Procurement Departure Request *
* Procurement Plans and Procurement Departure Requests are approved under Delegated Authority.			

Table 6.7 – Financial Thresholds (Policy s9)



## 6.8 PROBITY

Probity means the quality of having strong moral principles – in short, acting ethically and fairly. Demonstrating high standards of probity is essential to public confidence in how we procure works, goods and services.

Probity must be considered throughout the Procurement Lifecycle. Probity is both explicit and implicit in our Procurement Principles - Be Fair To All Suppliers and Play By The Rules:

- Treat all suppliers equally
- Be ... fair in how you assess suppliers
- Be accountable and transparent
- Managing conflicts of interest
- Protect commercially sensitive and confidential information.

We need to ensure suppliers have a fair opportunity to participate, and that the process is transparent, and that we're accountable and reasonable.

All procurement activity requires us to consider probity, either through our own management or with the help of an external probity advisor. Probity should be considered in the Plan stage.

To determine whether a dedicated (internal or external) probity advisor should be considered for your procurement activity, is a risk-based question. See the risk section in the Full Procurement Plan. Some of the areas where a probity advisor may be beneficial are:

- The evaluation process will be protracted with lengthy and detailed face-to-face meetings with prospective suppliers.
- The selection criteria involve a high level of subjectivity.
- The project is complex, unusual, contentious or has a high degree of public scrutiny.
- A prospective supplier has already been involved in a feasibility study or pre-tender stage of the procurement and thereby may have gained an advantage.
- The nature of the marketplace makes supplier grievances more likely (such as where competition is strong and commercial confidentiality is particularly important).
- There is a high potential for a real or perceived conflict of interest and/or perception of bias.

If using a dedicated probity advisor, they should be engaged and briefed prior to the release of the RFx.

## 6.9 CONFLICT OF INTEREST AND CONFIDENTIALTY

A Conflict of Interest can be positive or negative. You could be seen to favour or benefit someone or be against them and disadvantage them.

While conflicts of interest should be avoided wherever possible, we live in a small community, in a small country, this means it's often how they're managed or mitigated that counts.

Early in the procurement planning all staff involved in a procurement activity should complete a **Conflict of Interest & Confidentiality Agreement**.

If you have any concerns at all whether you have a Conflict of Interest, firstly discuss this with your manager and if needed contact the procurement or legal teams.

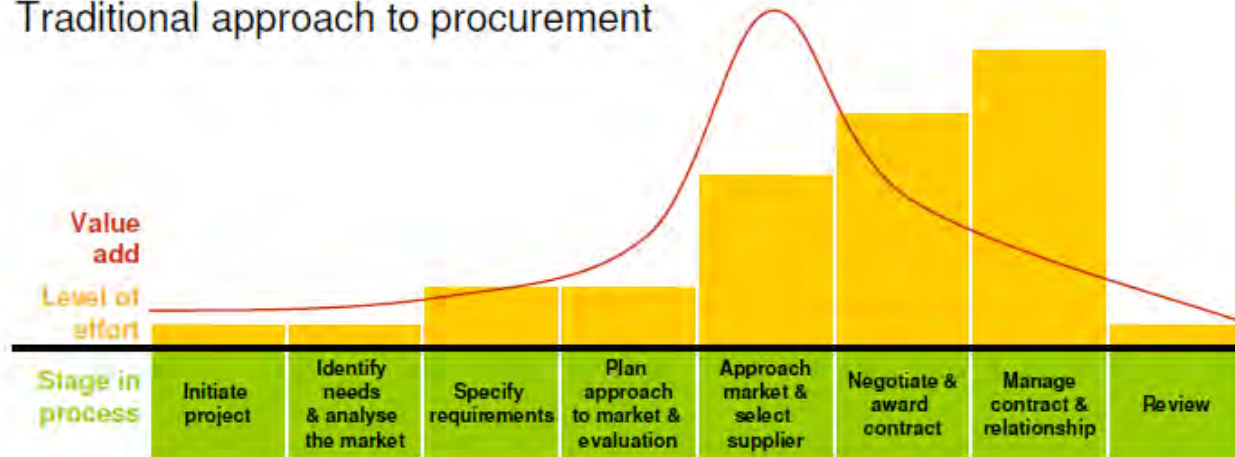
## 6.10 DO THE RIGHT THINGS EARLY

The success of the source and manage phases of the procurement lifecycle relies on executing the Plan phase well. Planning early reduces risk and the amount of work required as the procurement activity progresses which results in better outcomes for all.

The following diagram represents the move from the historical focus on Sourcing, to a more strategic approach which focuses effort on procurement planning and creating greater value throughout the procurement lifecycle.

Diagram 1

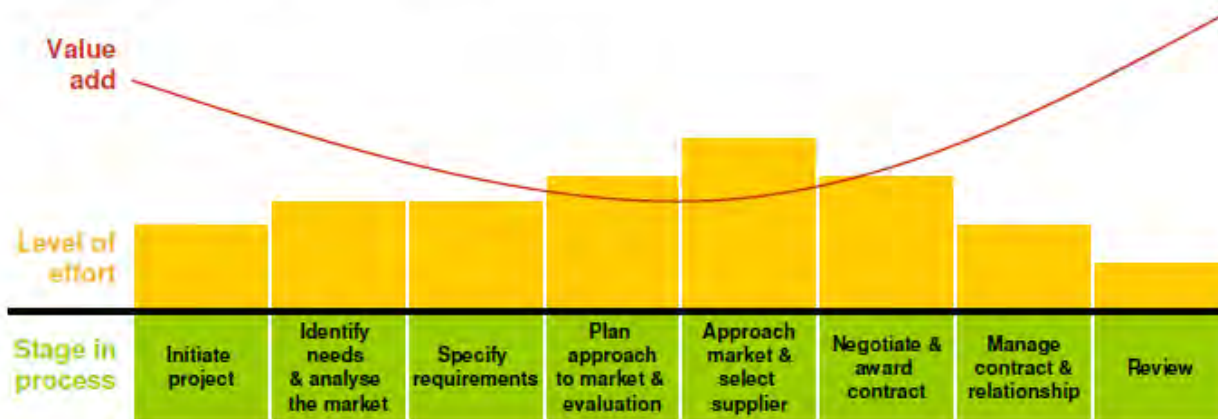
### Traditional approach to procurement



This diagram illustrates a traditional approach to procurement where little time is spent on planning. Effort is generally brought to bear when it comes to approaching the market. As a consequence of insufficient analysis in the planning stages increasing levels of effort are required through contract and relationship management. If the procurement is not reviewed there is little opportunity to benefit from lessons learned.

Diagram 2

### Strategic approach to procurement



This diagram illustrates a strategic approach to procurement which methodically works through each stage in the procurement process. The time taken to plan, research and analyse add significant value to identifying solutions that will meet the needs. A focus on relationship development and management means that less time is spent resolving issues and more time applied to assessing quality in delivery and identifying opportunities for cost savings and benefit gains. A strategic approach delivers greater value.

Table 6.10 Traditional vs Strategic Procurement (from Mastering procurement)

## 6.11 PROCUREMENT TIMELINE

It is important to develop a realistic timeframe for the procurement process and this involves identifying each step in the process, the stakeholders involved and any sign-offs or approvals that may be required (e.g. a Council report) This can be used to populate the indicative time line in the RFX templates, where appropriate.

## 6.12 CHOOSE THE RIGHT PROCESS

The financial thresholds included in section 9 of the Policy requires us to undertake procurement planning. Procurement planning can happen multiple ways, generally in the form of a Procurement Plan.

For high risk, high value or unplanned procurement projects, Council may require a project-specific business case to be developed and approved prior to initiating the procurement process. Your manager will be able to provide guidance on the need for such a business case.

**Proportionality** is key, our Policy (s5.1.1) provides that you should ensure that the procurement process you choose is:

**“Proportional to the size, complexity and any risks involved.”**

Policy 5.1.1

Have a good understanding of the size and complexity of the project and procurement process at the outset, including the costs for both Buyers and Suppliers. One size does not fit all!

### 6.13 QLDC AS A CLIENT OF CHOICE

Proportionality is critical for staff, and our Suppliers.

Suppliers' make choices who they want to work with and how they charge for their services. This means that as buyers we often compete for suppliers.

We need our interactions with suppliers throughout the Procurement Life Cycle to be as simple as practicable. QLDC becoming a client of choice will ultimately provide greater public value.

### 6.14 CHECK FOR EXISTING CONTRACTS

Check the [Contracts Register](#) to see if the goods, works or services can be supplied via an existing agreement before you progress. If another team has an existing contract for the same works, goods or services you are looking to buy, an opportunity may exist to consolidate your purchase into this contract.

### 6.15 RENEWAL, EXTENSION OR VARIATION OF A CONTRACT

If an existing contract does not exactly fit with your proposed procurement activity, a simple renewal, extension, or variation of an existing contract may enable your procurement.

Contract renewals, extensions, scope or changes to terms and conditions (variations) that are not contemplated in the base contract require approval from a person with the relevant delegated authority for the amount of the base contract plus any variations contemplated.

If you are considering varying a contract, first discuss your requirements with the legal or procurement teams.

### 6.16 QLDC PANEL AGREEMENTS

QLDC has set up a number of panel agreements, e.g. the Engineering and Specialist Support Services Panel and various Planning and Development Panels. The principles of a panel are specific to the works, goods or services being procured, but should include:

- Enough work that panel members have a real opportunity to win/gain work
- A competition to be on the panel (open market approach)
- An efficient and effective secondary procurement process

Panel Agreements should have their own *panel rules* that guide the operation of the panel and in particular the secondary procurement processes.

Check the [Contracts Register](#) to see if the goods, works or services can be supplied via an existing panel agreement, and with the panel owner to understand the panel scope and rules.

If you are considering setting up a panel, first discuss your requirements with the procurement team.

## 6.17 ALL OF GOVERNMENT CONTRACTS

All of Government (AOG) contracts, created by central government and managed by MBIE, are available to Council. These contracts represent best pricing options in many defined areas and often require no obligation to enter into long-term contracts. This allows Council to be flexible in its approach to procuring goods, works and services when facing tight deadlines or specific needs for a project.

A list of available contracts can be found on the [NZ Government Procurement website](#)

## 6.18 SYNDICATED PROCUREMENT CONTRACTS

Syndicated procurement is a process in which groups of entities are sharing their procurement requirements to achieve greater purchasing power and reduced costs.

There are though some complexities (ensuring the approach is not anti-competitive behaviour and has the appropriate common use provision), check first with the procurement team and Legal.

If there is an existing supplier with a suitable contract you can select that supplier – if not, proceed with the procurement process.

## 7 PLAN

### STAGE 1 - INITIATE THE PROCUREMENT ACTIVITY

#### PROCUREMENT PLANNING

Procurement processes can range from simple single-supplier purchases, to complex, multi-stage process involving many Suppliers.

As you plan your procurement activity you will need to consider factors such as:

- The value of the goods, services or works
- Any supplier contracts already in place
- Council's policy objectives
- Broader outcomes
- The market and any action QLDC may want to take to help develop it
- The costs associated with the procurement process, both to QLDC and suppliers
- The risks associated with the procurement activity:
  - availability of the goods, services or works (market competition)
  - importance of the goods, services or works to Council (community sensitivity)
  - impact of changing vendors; e.g. cost; community impact; time.

QLDC has two primary procurement plan templates:

- The **Lite Procurement Plan** is required for procurement activity from \$10,000 to less than \$100,000, however it is the level of complexity and risk that will ultimately decide which plan is required.
- The **Full Procurement Plan** is required for procurement activity of \$100,000 or greater.

Each QLDC Panel should have a **Secondary Procurement Plan** based on the operating rules of that panel.

If your procurement activity:

- has significant risk
- is high value, or
- is being delivered through a business case process

check with the procurement team whether the full procurement plan is sufficiently detailed.

#### GET THE RIGHT TEAM

Now that the risks have been assessed, a decision on the make-up of your procurement activity/project team needs to be made - taking into account whole of life cost, risk and strategic importance.

Depending on the activity – the team could include a mix of skills and experience, staff and external resources, technical and support functions.

Across QLDC we have many specialists and subject matter experts, these include staff in the areas of health and safety, risk management, finance, regulatory, policy, climate change, property, construction, legal, procurement and commercial.

If there’s any doubt you have the right team – seek help and ask for your manager for advice.

## RISK ASSESSMENT

“Good procurement is about being risk aware, not risk averse.”

Policy 7.1

Risks are the uncertain events or conditions that can negatively impact upon your desired outcome. It is critical that good risk management practice is followed during all stages of procurement to help identify what could go wrong and develop robust plans for reducing the likelihood or mitigating the severity of the impact.

The assessment of risk involves the following three steps:

1. Risk Identification
2. Risk Analysis/Evaluation
3. Risk Treatment

**Risk Identification** is the process that is undertaken to explore, consider and document all of the potential risks that could impact the procurement process and desired outcome. The identification of risks should involve a broad scan of the various events or market conditions that could significantly impact the cost, timing or quality of the procurement process. It should also consider whether the



procurement outcome aligns with QLDC strategic priorities or introduces a new risk to the [QLDC Risk Register](#). For example:

- Are there any implications for our partnership with iwi during the procurement process? Have you considered every opportunity to help enhance our partnership with iwi and Māori.
- Does the procurement support the Council's commitment to Climate Action? Will the procurement have a significant carbon emissions impact or create a vulnerability to climate change adaptation?
- Is the planned procurement aligned with community expectations? Will it generate adverse media coverage or impact on community confidence and trust in the organization.

To assist in your identification of risks:

- talk to subject matter experts about what they see as possible risks
- learn from completed procurements similar to yours
- brainstorm scenarios that could result in a risk
- consider facilitating a risk workshop with key stakeholders

**Risk Analysis** relates to the prioritization of the identified risks through assigning them a risk rating or score. Depending on the scale of procurement activity a detailed analysis may be appropriate that involves an evaluation of likelihood (probability of risk occurring) and the consequence (impact if it occurs). Guidance on this process can be found in the [QLDC Risk Management Policy](#) along with a Risk Consequence table (Appendix A). Alternatively a more simplified analysis that assigns a High, Medium or Low risk rating to each risk may be appropriate to allow the identified risks to be prioritised from most significant to least.

**Risk Treatment** occurs as the final step. This involves the careful review of the analysed risks to develop an appropriate level of “treatment” response for each. The options for treating risk may involve one or more of the following:

- **Retain the risk-** an informed decision is made to retain or accept the risk based on the fact that existing organisation controls are judged to be sufficient to mitigate the risk.
- **Mitigation-** control actions are implemented to reduce the likelihood of the risk occurring or reduce the level of impact if the risk does occur.
- **Avoid the risk-** actions are taken to avoid the risk entirely by deciding not to start or continue with the procurement process.
- **Transfer the risk-** actions are taken to transfer the risk (e.g. through contracts, buying insurance) or to pass responsibility for treatment to another party.

It is essential that good risk management practice is followed throughout the entire procurement process

as new risks can present themselves at anytime. The outputs of all Risk Assessment activity should be carefully documented within the procurement plan to ensure a record is maintained of the identified risks, how they were analysed and the treatment actions that were decided upon.

## STAKEHOLDER ENGAGEMENT

Identifying who you need to consult with is an important part of your procurement planning. It is essential to identify key stakeholders at the beginning of the procurement so there no surprises. Consider both internal and external stakeholders. Key stakeholders have interests and influence.

Conducting an analysis of stakeholders can help identify issues associated with the procurement and delivery as well as providing an opportunity to learn from their experiences and use this to improve the quality of future outcomes.

A useful tool to help identify different categories of stakeholder is RASCI

### RASCI stakeholder categories

<b>R = responsible</b>	The person who is ultimately responsible for delivering the project and/or task successfully
<b>A = accountable</b>	The person who has ultimate accountability and authority; they are the person to whom 'R' is accountable
<b>S = supportive</b>	The person or team of individuals who are needed to do 'the real work'
<b>C = consulted</b>	Someone whose input adds value and is essential for successful implementation, or from whom you need to gain 'buy-in'
<b>I = informed</b>	The person or group who need to be notified of results or action taken or results achieved but don't need to be involved in the decision-making or delivery.

Further support in this area is available from the Engagement and Communications Team and/or the Community Partnerships team.

**STAGE 2 - IDENTIFY NEEDS AND ANALYSE THE MARKET**

Now that your whole of life cost and consideration of risk has allowed you to select your procurement plan, you will be analysing what you need from your procurement activity, both now and in future, and preparing a statement of needs.

**PUBLIC VALUE**

As well as specifications related to the works, goods, or services, a goal of the Policy is to optimise public value.

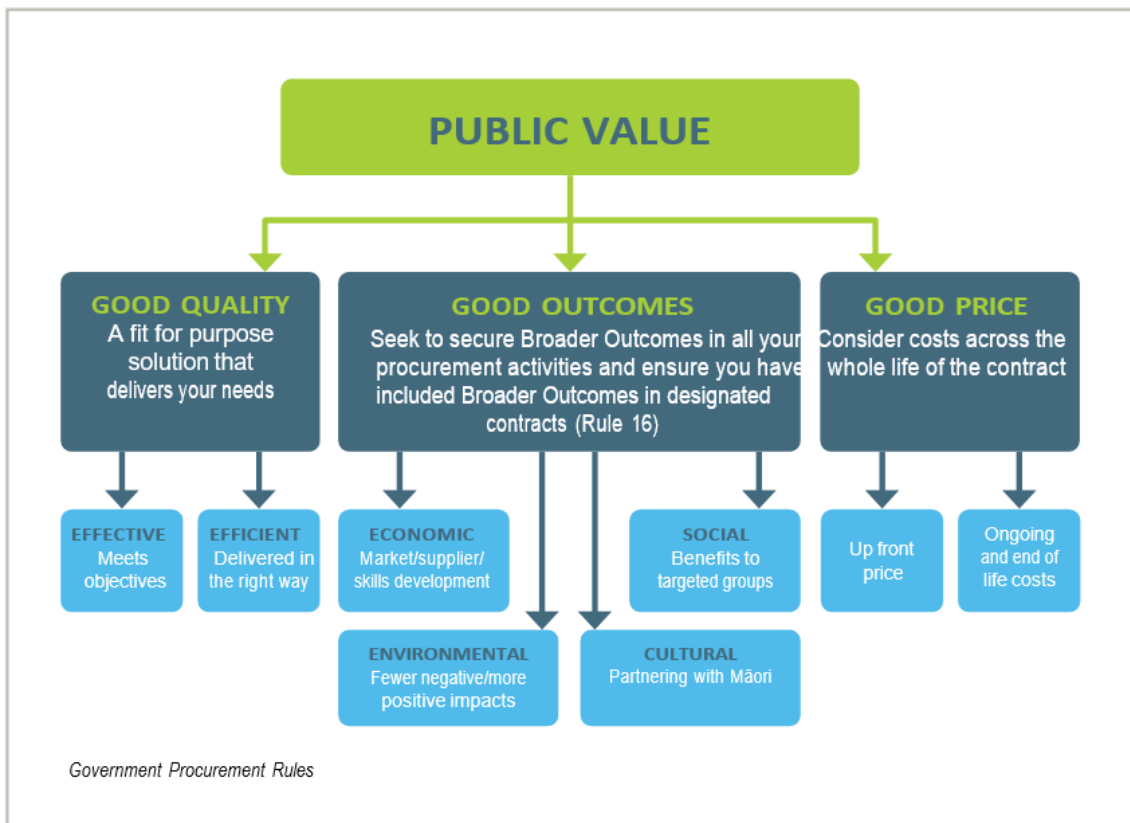


Diagram 7.1 – Public Value (Government Procurement Rules)

Public value is more than just time, cost and quality. It includes considering whether any secondary benefit could be generated by the way the works, goods or services are procured and/or delivered. These secondary benefits are called broader outcomes.

## BROADER OUTCOMES

**“QLDC will consider, and incorporate where appropriate, broader outcomes when procuring goods, services or works.”**

Policy 7.2

### **Vision Beyond 2050**

In every aspect of our work, officers are seeking to pursue the eight themes presented within Vision Beyond 2050. Within each theme, there is a set of more specific community outcomes and these should be used to help consider the types of outcomes a procurement exercise can deliver. How we spend public money matters and can help change the behaviour of suppliers and consultants within our supply chain. Our ability to effect change through procurement should not be underestimated.

Vision Beyond 2050 can be viewed here: <https://www.qldc.govt.nz/media/wgscwzro/qldc-vision-2050-boards-feb19-v2.pdf>

### **Te Tiriti O Waitangi**

As a territorial authority, we have a specific obligation to uphold and preserve the principles enshrined in the Treaty of Waitangi. Our procurement practices should always keep in mind that we are always looking for opportunities to build our partnership with Kāi Tahu and seek opportunities to improve the participation and wellbeing of our Māori communities.

Broader outcomes are generally aligned to the four aspects of wellbeing in the local government act – Social, Environmental, Cultural and Economic.

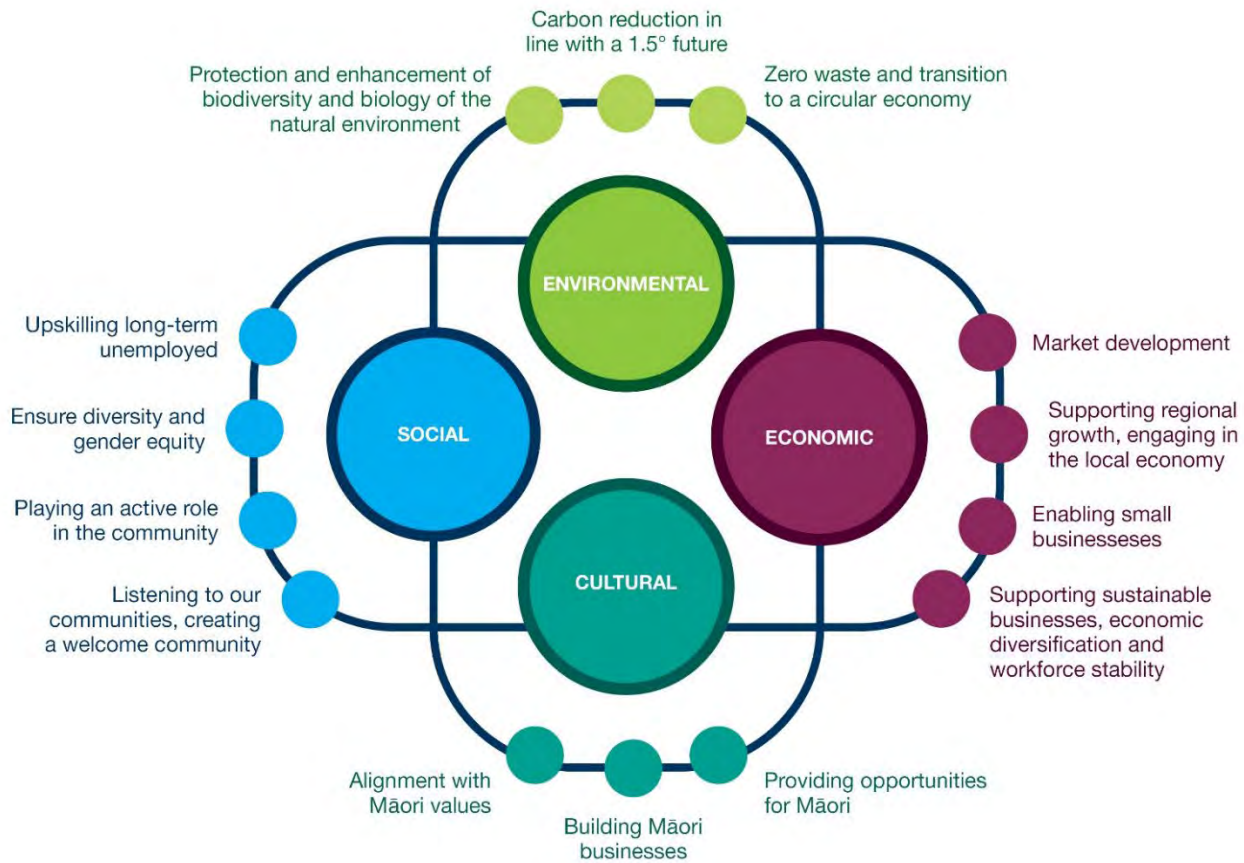


Diagram 7.2 – Broader Outcomes (adapted from Hastings District Council)

The Policy requires us to consider broader outcomes and our procurement plan templates contain sections to record these considerations. Different procurement processes will achieve these broader outcomes to different extents. It’s important to ensure that you meaningfully give consideration to each of these aspects during the planning stage and to think deeply about where our expenditure can add value and effect positive change.

It is also important to consider “proportionality” (discussed above) and how we balance broader outcomes with the other Policy outcomes we are seeking, e.g.:

- where appropriate, our procurement processes are free from requirements that could limit opportunities for local suppliers
- to work with suppliers that meet the expectations of our Supplier Code of Conduct; and
- that our processes are as simple as practicable to ensure QLDC becomes a Client of Choice.

We want to increasingly achieve broader outcomes through smart procurement, but we still have to deliver the primary requirements of any procurement exercise. These include:

- budget
- timeframes
- implications for our partnership with iwi
- technical requirements
- health and safety risk
- contract management resource
- availability of subject matter experts
- estimated whole-of-life cost (including what cost represents value for money)
- maintenance and upgrade requirements and the availability of spare parts
- warranties and performance guarantees

This is an evolving area of procurement for both us as buyers and our suppliers, but always keep in mind that our overarching purpose as a local government body is to promote the social, economic, environmental and cultural wellbeing to our communities. Better to think broadly and discuss your options with the procurement team, than to dismiss added value too early.

Broader outcomes do not though need to cost more – it is not about requiring additional services, but about procuring in a way that generates the secondary benefit.

See Stage 4 – Plan Approach To Market And Evaluation

This section provides some sample questions for suppliers you could consider when developing your RFx.

## CLIMATE AND BIODIVERSITY ACTION

**“Undertake initiatives to contribute to a low emissions economy and promote greater environmental responsibility.”**

Policy 5.2.2

In 2019 QLDC declared a climate and ecological emergency and released its first Climate Action Plan. The declaration means that QLDC will be held to account for ensuring that climate and biodiversity change considerations are reflected in decision making, policy setting, and the procurement of works, goods and services.

An effective climate response requires mitigation, adaption and biodiversity activities to address the causes of climate change and also adapt to our changing environment. The following goals have been committed to in response to this challenge:

1. Biodiversity: The mauri (life force or essence) of our ecosystems is protected and restored. Indigenous biodiversity is regenerated
2. Mitigation: Our district reduces its greenhouse gas emissions by 44% by 2030<sup>1</sup> and achieves net-zero greenhouse gas emissions by 2050.
3. Adaptation: Queenstown Lakes is a place that is ready and prepared to adapt to a changing climate.

Procurement has a major role to play in supporting the achievement of these goals. The decisions that are made around what we choose to purchase, and who we choose to purchase from have a significant influence on ensuring that we are on the right pathway for emissions mitigation targets and our desired biodiversity and adaptation outcomes.

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<sup>1</sup> Against a 2019 baseline and aligned with the 1.5 degree science-based target pathway outlined in the 2020 Emissions Reduction Roadmap

Capital projects are a major focus for emissions mitigation. To help provide guidance on best practice the “[NZ Government–Procurement guide to reducing carbon emissions in building and construction](#)” has been developed. The key message from the below extract is that best opportunity we have to reduce embodied carbon is to: not build it, build less, or build it smarter.

### Whole of life embodied carbon and operational carbon

The greatest opportunities to reduce whole of life embodied carbon and operational carbon are at the planning and design phases of a project.

At the beginning phase of identifying a business need, you can significantly reduce carbon by considering other options that do not result in a new building. For example, consider other options at the business case stage, such as:

- improving how an existing space is used;
- changing ways of working;
- refurbishing an existing building to enhance its usability;
- or leasing instead of building.

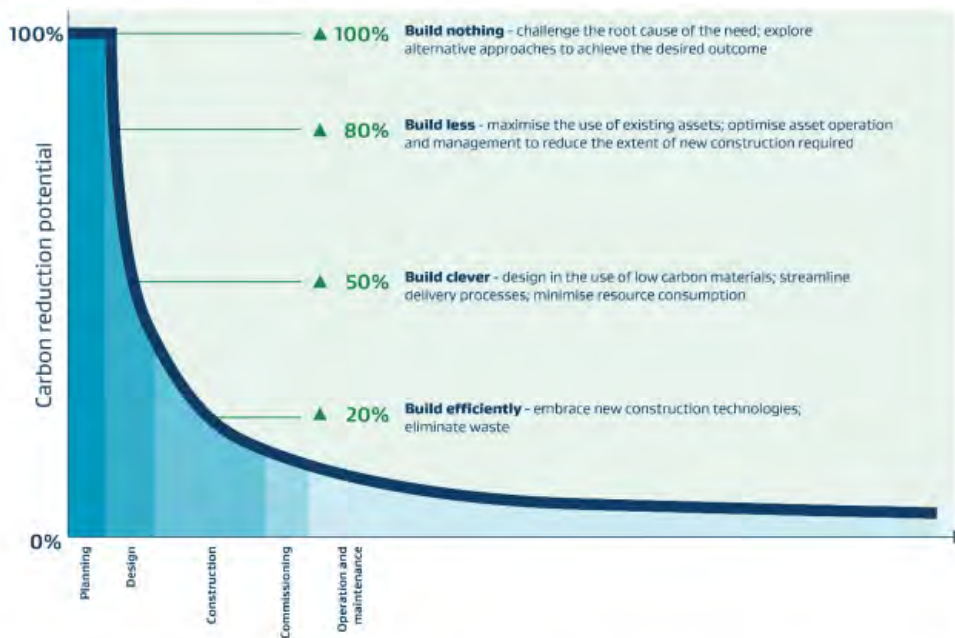


Figure 1. Carbon reduction potential over time and illustrative relative savings of decisions to build (Green construction Board after HM Treasury, Infrastructure Carbon Review, (Nov 2013))

### Diagram 7.3 – Opportunities for reducing carbon emissions in building and construction

QLDC is committed to ambitious climate leadership and an organisation wide work programme that embeds climate action considerations into the decision-making processes and investment business cases of the organisation. This process and cultural shift will take time, however the opportunities to make improved



procurement decisions that place climate change and biodiversity protection considerations as a leading priority can be enacted immediately across all levels of the organisation. The Procurement Team and Climate Action Team are available to support all staff with guidance and recommendations for making smart buying decisions that deliver on both the Procurement Policy and the Climate and Biodiversity Plan.

The consideration of assessing carbon emissions in both our existing infrastructure and future procurement activity is a fast developing area for QLDC. For support in understanding how to address carbon in your procurement, please contact the Climate Action or procurement teams.

## ANALYSING THE MARKET

Market analysis is the study of the characteristics, capacity, and capability of the supply market.

Researching the relevant supply market is key so we can develop a thorough understanding of it, and develop plans to use it to best meet our business needs.

The scale, type and level of analysis should reflect the level of risk and the value of your procurement activity.

A market analysis can vary, based on the:

- nature and scope of the procurement
- degree of difficulty in specifying the requirements
- total value of the whole-of-life costs
- level of risk
- whether this is a one-off purchase or on-going supply.

Markets consist of supply chains - systems of organisations, people, activities, information, and resources involved in moving goods, services or works from supplier to customer. Through the market analysis we examine the supply chain environment to ensure each stage is adding value and/or minimising risk and is worth the related cost to our rate payers and funders.

A market analysis involves five key parts, the following table provides a general guide to the key considerations:

<b>1. Supplier analysis</b>	<p><b>Consider the:</b></p> <ul style="list-style-type: none"> <li>• number of suppliers and their market shares (consider the degree of competition and any supplier dominance)</li> <li>• structure and quality of the supply chain (stability, dynamics, interdependencies, sustainability)</li> <li>• location (the best place to buy in the supply chain)</li> <li>• potential impact of Council decisions on competition or market viability</li> <li>• supplier ownership structures and profitability (high risk/high value procurements only).</li> </ul>
<b>2. Competition/ market analysis</b>	<p><b>Consider:</b></p> <ul style="list-style-type: none"> <li>• current prices and factors influencing this</li> <li>• competition within the market and factors influencing this such as: price, quality, level of support or service, product types and range, distribution, delivery time, product lifecycle (e.g. ethical sourcing and disposal) and brand image</li> <li>• barriers-to-entry for new suppliers, which may impact competition and pricing</li> <li>• market trends and regional differences</li> <li>• availability of alternative or substitute goods and services</li> <li>• technological developments in the market which may impact quality, price, performance etc.</li> <li>• current market behaviours and their implications</li> <li>• any potential or signalled market behaviours that might better support successful delivery.</li> </ul>
<b>3. Buyer/demand analysis</b>	<p><b>Consider the:</b></p> <ul style="list-style-type: none"> <li>• number of buyers and their influence on the market</li> <li>• opportunity for a group contract with other local Councils to achieve better economies of scale.</li> </ul>
<b>4. Council spend analysis</b>	<p>The purpose of a spend analysis is to enable you to understand the total spend in a category Council-wide, for example cleaning or security, so that an appropriate procurement strategy can be formulated. This should reflect the true importance of the category to Council.</p>
<b>5. Supply risk analysis</b>	<p>Your previously completed risk assessment will include risks applicable to this phase, e.g. the inability to secure a supplier where a small number exist and are in high demand; the impact on Council of a failure to complete the procurement activity to the required quality, standards, timeframe, and budget.</p>

## MARKET RESEARCH

There are multiple options to help inform your market research:

*Diagram: market research options*



Diagram 7.4 – Market Research options (from Mastering procurement)

Engaging with suppliers is an invaluable way to increase your understanding of the market and the goods, works and services available.

During early engagement, ensure you consult a cross-section of businesses and are open to new players and new solutions.

In any market research you should:

- be transparent on why you are engaging and what you’re aiming to achieve; and
- you should guard against forming a preference for a particular supplier or product as a result of any early engagement discussions.

Engaging with suppliers can be done informally through phone calls and meetings, or for a more formally through a Request for Information.

A Request for Information using the Government Electronic Tender Service (GETS) has three key benefits:

- wider reach of suppliers, including those we know nothing about

- it alerts suppliers of an upcoming opportunity, providing them with time to investigate and develop their proposal
- has no formal evaluation, you are just seeking information to inform the planning of your procurement activity.

Ensure that market engagement happens early in the plan stage. For more support in this area please contact the procurement team.

## STAGE 3 - SPECIFY REQUIREMENTS

Clear, concise specifications ensure suppliers understand what you need. This makes it easier for them to respond and helps ensure the best outcome from your procurement activity.

Specification documents can be written in a variety of formats, depending on whether you are procuring goods, services or works, and on your selected approach to sourcing.

Your primary specification criteria will include one or more of the following:

- **Functional specification:** this focuses on the required outcome rather than the process to reach that outcome.
- **Performance specification:** this defines what performance parameters are required to achieve the outcome, rather than the process.
- **Technical specification:** this sets out the physical characteristics of goods in a highly prescriptive way and is commonly used when Council procures civil construction projects.

## KEY CHARACTERISTICS OF WELL SPECIFIED REQUIREMENTS

Characteristic	Explanation
<b>Complete</b>	The specification of requirements is contained in one document with no missing information. If the nature of the procurement requires more than one document, the documents should be clearly structured.
<b>Unambiguous</b>	Each requirement is concisely stated without recourse to technical jargon, acronyms (unless defined elsewhere in the document). It expresses objective facts, not subjective opinions. Vague language is avoided. Negative statements and compound statements are discouraged.
<b>Consistent</b>	Each requirement is consistent with all others and any external documents that are referenced.
<b>Current</b>	Each requirement is current and can, in some cases, be future focussed to meet planned or predicted future needs.

<b>Feasible</b>	Each requirement can be implemented within the constraints of the procurement activity, including time and budget.
<b>Traceable</b>	Each requirement can be traced back to a stated policy/business/stakeholder need. Each requirement has an appropriate link to pricing.
<b>Verifiable</b>	The implementation of the requirement can be determined through one of four possible methods: inspection, demonstration, test, analysis, or report.
<b>Ethical</b>	Each requirement should align with our values.

A specification should be sufficiently detailed, clear and concise; and easily understood and unambiguous to the market. But not so explicit that it prevents negotiation or discourages suppliers from using their expertise to propose alternative solutions that may offer better public money.

### SPECIFYING BROADER OUTCOMES

During your procurement planning stage, it is expected that you will have given consideration of any broader outcomes that your procurement activity will address.

Examples of outcomes you could include as a requirement or preference:

- avoiding negative environmental impacts
- reduce whole of life carbon emissions
- reduce waste and pollution
- avoiding unnecessary consumption, improving efficiency, and reducing waste
- minimising environmental impact
- considering suppliers' sustainability credentials and accreditations
- commitment to the Supplier Code of Conduct
- supporting businesses and industry groups that demonstrate innovation in sustainability
- developing the supply market
- use of local suppliers and/or subcontractors
- engaging Māori and/or target communities
- demonstrating diversity and gender balance
- upskilling long-term unemployed or providing skills training for youth
- improving community, regional, and economic outcomes.
- operating as a social enterprise or for-purpose operation

When you are procuring a solution (the primary objective), you could ask that suppliers provide information on one or a number of "broader outcome(s)" (the secondary objective). Any broader outcome request should be purposeful and targeted to your specific procurement activity.

The following are sample questions you could consider in your RFx:

#### Social

- Describe how your organisation will support our community through volunteering, education, or xxx?
- Describe how your organisation / this proposal will foster and develop opportunities for social enterprises and local organisations

#### Cultural

- Describe the level which your organisation will engage with mana whenua in this contract?
- Describe the level which your organisation currently engages with or involves mana whenua in respect of [insert query relevant to your procurement activity]?
- Describe your organisation's obligations and commitment to the Treaty of Waitangi and local iwi relationships?

#### Economic

- Explain how your organisation provides opportunities for upskilling your staff?
- What specific training / professional development opportunities / value add can you provide us in the delivery of this contract?
- Describe the levels of local suppliers you propose to use in the delivery of this contract?
- Describe what local employment and/or use of local supply chain you propose to engage in the delivery of this contract?

#### Environmental

- Describe the measures your organisation takes to reduce fuel consumption and co2 emissions?
- Provide details on the measures your organisation takes to reduce waste to landfill?
- Do you have targets for reducing your waste, use of energy, water, and chemicals?
- Are you tracking, reporting and managing your waste, use of energy, water and chemicals?
- How do you manage your trade and solid waste?
- Demonstrate your efforts to achieve a circular materials cycle within your production line?
- Demonstrate your understanding of your "products" whole of life carbon life cycle?
- Detail any initiative(s) your organisation is involved in, or [provides support to, that protects and/or enhances the biodiversity and ecology of the natural environment?
- Describe what promotion and uptake of climate-friendly mobility your organisation engages in?
- Describe what innovative and impactful waste reduction strategies and design out of waste this proposal will adopt?
- Describe what regenerative/circular practices your proposal will include?
- Describe how your organisation / this proposal will help minimise environmental impacts over the whole of life of the goods/services/works

## IDENTIFY PRE-CONDITIONS (MANDATORY REQUIREMENTS)

Pre-conditions are prerequisite requirements that suppliers must meet. The purpose of using preconditions is to eliminate suppliers who do not have the minimum capability or capacity to deliver the contract, not to limit market competition.

Pre-conditions should be stated in such a way that it can be easily determined whether the supplier meets or does not meet the precondition.

Identify any mandatory specifications or pre-conditions that suppliers must be able to meet. Examples include:

- specific accreditation or approvals required under legislation to provide the services
- qualifications of personnel delivering services, e.g. hold a current practicing certificate from the relevant professional body, or have a certain accreditation or certification (provided these don't create unnecessary obstacles relative to the expertise required to complete the project)
- the RFX rules
- the form of contract
- types of insurance and minimum dollar limits
- submitting the proposal or response by the specified timeframe
- addressing any high or extreme risks identified
- meeting our health and safety requirements
- Suppliers committing to our [Supplier Code of Conduct](#).

You need to make sound business decisions when using pre-conditions. A supplier's failure to fully meet any pre-condition will result in the suppliers' offer being rejected and removed from any further evaluation.

## STAKEHOLDER NEEDS

Building on the needs identified in the project planning phases and continuing to work with your key stakeholders (internal and external) through the procurement process ensures you are aware of current, predicted and emerging needs.

When defining stakeholder needs it's important that you:

- distinguish 'needs' from 'wants' and 'desires'
- remove ambiguity and achieve clarity and consensus
- bundle needs into related groups
- develop an articulate, clear, and comprehensive high-level statement of needs.

### KEY PERFORMANCE INDICATORS (KPI's)

These are the key measures that will be used to by the business owner/contract manager to drive supplier performance and ensure that there is alignment between what has been specified, what has been contracted for, and what is actually delivered.

They allow the business owner/contract manager to manage quality and risk through a small number of key indicators that are critical to the success of the contract.

The main reasons for measuring contract performance are to:

- Ensure value for money
- Manage risk
- Learn and improve
- Report internally and externally
- Demonstrate compliance
- Provide information to help budget and contract owners make better informed decisions
- Comply with external reporting regulation and information requests

Drafting the KPI's alongside the contract specifications can help to ensure that there is a clear line of sight between the specifications and the way in which performance will be measure over the life of the contract.

The number, complexity and effort in validating KPIs should be balanced so as to ensure contract performance and the minimisation of risk, without driving disproportionate levels of cost into the contract.



### DOCUMENT THE DELIVERABLES

Specifying the requirements will lead to the identification of the deliverable(s). Contract deliverables can be tied to milestones e.g. the delivery of design work or stages throughout construction or, the implementation of a new training programme or, the Go Live of an IT project, or delivery of a report.

If you adopt a milestone approach, consider linking payment to the supplier with the successful completion of each milestone. This allows for implementation to be tracked and monitored against budget.



**STAGE 4 - PLAN APPROACH TO MARKET AND THE EVALUATION**

You will now have a clear idea of the essential requirements for delivering your procurement activity. This section of the guide covers deciding on an appropriate approach to the market, the evaluation method you will use, and realistic timeframes for this process. The market analysis and risk assessment completed in the previous section will inform these next steps.

At the end of this section you will have everything necessary to complete your Procurement Plan.

You can use one of several processes to find the right supplier to deliver the “five rights”:



**SUPPLIER SELECTION / SOURCING METHODS**

The Policy at section 9 provides that all supplier selection / sourcing methods are available up to whole of life cost of \$100,000, and the default for procurement activity greater than \$100,001 is open market.

This gives staff considerable discretion and responsibility on how they procure goods, works, and services.

While all options are available, every procurement activity should first be considered from a default position of an open market approach, in which all potential suppliers have a fair opportunity to compete. This encourages competition which often leads to better public value and stimulates innovative ideas and solutions.

There are however occasions where public value will be best delivered through a closed contest or sole source negotiation.

For procurement activity greater than \$100,001 you can consider other sourcing methods but the procurement method and rationale must be recorded and approved in a Procurement Departure Request.

You will need to consider both simplicity and proportionality; ensuring your process does not dominate at the expense of your goal.

You need to consider several factors on a case-by-case basis when deciding which sourcing method to use. These include the:

- total value of the procurement activity

- risk to Council if the contract performs poorly
- nature and complexity of the goods, works or service
- identified needs, and
- the supply market.

## APPROACH TO MARKET

This stage involves deciding an appropriate approach to market, evaluation methodology, process plan and realistic timetable. It brings together your analysis and thinking to date.

There are several process options that need to be considered. These include:

- Pre-tender supplier engagement?
- Competitive: Open, closed tender, or Direct: sole source negotiation?
- Single stage or multi-stage tender?
- Type of Rfx document required (RFQ, ROI/EOI, RFP/RFT)?
- Will alternative proposals be considered (with or without a conforming response)?

## COMPETITIVE OR DIRECT

Depending on your earlier analysis there are two general options for approaching the market – competitive or direct

COMPETITIVE APPROACHES		
	METHOD	COMMENTS
<p><b>Open Competitive Procurement</b></p> <p><i>Invitation for all interested suppliers to tender.</i></p>	<p><b>Used for:</b> Higher value, higher risk goods, works and services</p> <p><b>Methods:</b></p> <ul style="list-style-type: none"> <li>• Request for Tender (RFT)</li> <li>• Request for Proposal (RFP)</li> <li>• Request for Quote (RFQ)</li> </ul>	<p>This is Council's preferred approach when buying goods, works and services because it promotes open and effective competition. All potential suppliers have an opportunity to participate.</p> <p>However, this method will not always be practical or cost-effective. You should ensure the <b>cost</b> of the process (e.g. advertising, providing documents and evaluating tenders or proposals) is realistic for the procurement size and complexity, and balance this against the <b>benefits</b>.</p> <p>You <b>should not</b> use an open competitive process:</p> <ul style="list-style-type: none"> <li>• when only one source of supply exists</li> <li>• when the cost of this process will exceed any direct savings that might be made.</li> </ul>

<p><b>Closed Competitive Procurement (Invited tender)</b></p> <p><i>Invitation to suitable suppliers to tender.</i></p>	<p><b>Used for:</b> Low, medium and high-risk works, goods, and services</p> <p><b>Methods:</b></p> <ul style="list-style-type: none"> <li>• Request for Tender (RFT)</li> <li>• Request for Proposal (RFP)</li> <li>• Request for Quote (RFQ)</li> <li>• Request for Quote Lite (RFQ-Lite)</li> </ul>	<p>In a closed competitive process, you issue invitations to a predetermined list of suppliers without an open pre-selection or pre-qualification process. This method does not allow equal access to all suppliers in the market. As a result, you might miss a better source of supply.</p> <p>Examples of situations where a closed competitive process might be justified include that:</p> <ul style="list-style-type: none"> <li>• only a limited number of suppliers with the capacity to supply exist</li> <li>• you genuinely have very limited time for procurement</li> <li>• the cost of conducting an open competitive process outweighs the benefits, so a closed competitive process is more efficient.</li> </ul> <p><b>WK</b></p> <p><i>Note: For Waka Kotahi-funded projects closed contests can only be used where the value of the work is less than \$200K.</i></p>
<p><b>Multi-stage</b></p> <p><i>Open invitation for all interested suppliers to respond.</i></p> <p><i>Council then assesses all responses and invites shortlisted suppliers to submit tenders.</i></p>	<p><b>Used for:</b> Higher value, higher risk, complex or unique goods, services or works, seeking innovation</p> <p><b>Methods:</b></p> <ul style="list-style-type: none"> <li>• open call for Registration of Interest (ROI)</li> <li>• closed request to shortlisted suppliers for proposals or tenders (RFT or RFP)</li> </ul>	<p>Multi-stage procurement allows for pre-qualification to establish a list of potential suppliers. The selection of shortlisted suppliers is based on an initial assessment of their ability to fulfil the potential contract from the information supplied in the first-round ROI.</p> <p>Multi-stage processes are time consuming and expensive for all parties and should only be used when purchasing high value and high-risk goods, services, or works.</p> <p>This method could include Early Contractor Involvement (ECI).</p>

DIRECT APPROACHES		
	METHOD	COMMENTS
<p><b>Direct procurement</b></p> <p><i>Buy directly from any suitable supplier</i></p>	<p><b>Used for:</b> Low to medium risk good, works and services</p> <p><b>Methods:</b></p> <ul style="list-style-type: none"> <li>• purchase order</li> <li>• purchase card</li> <li>• standard contract document</li> </ul> <p><b>Used for:</b> Higher value, higher risk procurements where there are special circumstances. Examples are specialised services (planning, valuation, legal, etc.)</p> <p><b>Methods:</b> contract with individual supplier</p>	<p>Staff may purchase directly from a supplier when:</p> <ul style="list-style-type: none"> <li>• the value of the goods, services or works meets the risk and value criteria</li> <li>• it is not practical to aggregate separate orders for the goods, services, or works</li> <li>• purchases and processes comply with Council’s Sensitive Expenditure Policy</li> <li>• a limited number of qualified suppliers exist, e.g. goods, services or works require specialised skills or are very complex</li> <li>• the required goods, services or works are available from only one source</li> <li>• only one supplier has the capacity to deliver at the time required and this can be adequately proved</li> <li>• standardisation or compatibility with existing equipment or services is necessary and can only be achieved using one supplier</li> <li>• the supplier involved has already carried out a substantial amount of contributing work and prices have been competitively tested previously</li> <li>• the costs of proceeding with a competitive procedure are likely to be greater than any potential savings that may be secured by engaging in a competitive process.</li> </ul> <p>Staff should be able to demonstrate the price is consistent with market rates. The required goods, services or works must not be split into components or a succession of purchases in order to achieve a threshold that avoids the need for a competitive process.</p> <p>Examples of situations where this approach could be used:</p> <ul style="list-style-type: none"> <li>• Council needs highly specialist skills or the project involves very complex goods, services or works with a limited number of suppliers</li> <li>• there is only one source and this can be verified</li> <li>• equipment or service needs to be compatible with existing equipment or services and no other supplier is available.</li> </ul> <p>Staff should be able to demonstrate that the price is consistent with market rates and be able to justify the decision not to use an open, competitive option.</p>
<p><b>Buy directly from a Panel</b></p>	<p><b>Used for:</b> High value, low to medium risk works, goods or services</p> <p><b>Methods:</b></p> <ul style="list-style-type: none"> <li>• syndicated contract</li> <li>• panel contract</li> <li>• collaborative or cluster arrangement</li> </ul>	<p>A group of eligible suppliers has been established through an open, competitive process. Council can purchase from these suppliers during an agreed time at fixed rates or based on quotations.</p> <p>Panel specific rules apply.</p> <p>WK</p>

### Single or multi-stage tender

Options for a single stage process are Request for Quote, Request for Tender or Request for Proposal. Options for a two stage tender are Registration of Interest, Expressions of Interest or Pre-Qualification Questionnaire (through which suppliers are short listed) followed by a Request for Tender or Request for Proposal from short listed suppliers.

The decision as to which is most appropriate will vary depending upon the nature, scope, value, level of risk and complexity of the procurement. In an open tender where a large number of responses are anticipated it may be preferable to opt for a two stage approach. This means short listing after stage one. It ensures that only qualifying or eligible suppliers are put to the time and expense of preparing full tenders or proposals.

### EVALUATION METHODOLOGY

Develop an evaluation methodology that will ensure that the best supplier is selected for the right reasons and at a price that represents value-for-money over whole-of-life. This includes consideration of:

- One or two envelope system?
- Evaluation model: lowest price conforming, price/quality etc?
- Rating Scale to guide evaluation panel scoring (e.g. scoring system 0 to 10 or 1 to 100)?
- Panel decision making process (mathematical average or moderation)?
- Price – how will this be assessed?
- What additional process will be required (interviews, presentations)?
- What optional process will be required (interviews, presentations)?

The decision on which evaluation method chosen will be made depending on the relative importance of price versus non-price attributes (“quality” in its widest sense):

- Focus on price – the suppliers are ranked by price. The preferred supplier will be the supplier with the lowest price that meets all the quality requirements.
- Focus on both price and quality – the quality attributes of the suppliers are graded and the preferred supplier is selected by balancing price and quality.
- Focus on quality – the preferred supplier is selected on the basis of quality, with price being negotiated afterwards.

The appropriate price and quality weightings in supplier selection will be determined by the need to obtain best public value. Where the scope of work is well defined, the resources available in the marketplace are well understood and an accurate estimate of likely cost can be provided, price may be sufficient to distinguish suppliers.

As the complexity of the procurement activity increases, the level of risk or risk transfer increases, or where achievement of standards becomes more important, the weighting on quality over price will become more pronounced.

## EVALUATION TEAM

An evaluation team is required when a competitive process is being used.

The evaluation team may be the same as those identified in the Get the Right Team section, a subset or include new subject matter experts.

The team members, as a group, should have appropriate business knowledge and should have experience in evaluating competitive processes. It is a mandatory requirement for all team members and the Project Manager to complete and sign the conflict of interest and confidentiality agreement.

Generally a minimum of three people is required on an evaluation team. The following people could be included, noting that one person may have more than one of the competencies required:

- a business owner
- a project manager
- a person with appropriate technical expertise
- a person with procurement process expertise
- a person with the appropriate knowledge of the goods, works or services required.

If you propose to have an evaluation team of less than three people, first discuss this with the procurement team.

At least one member of the team must be an employee of Council. Team members should be chosen on the basis that they can provide the knowledge and skills required to ensure that submissions can be properly assessed with regards to the:

- outcomes required
- technology that might be employed

existing supplier market.

## ONE OR TWO “ENVELOPES”

Where you want to ensure that price does not influence the evaluation on the merits a two envelope process can be used.

In this case the supplier submits its offer in two sealed envelopes: Envelope 1: the response to the requirements Envelope 2: all pricing information. GETS facilitates this process.

It is essential that no pricing information is contained in the first envelope or seen by the evaluation panel before the evaluation and scoring on the merits is complete. Only once the scoring is completed should the pricing information be disclosed to the evaluation panel.

GETS can easily facilitate a one or two envelop process.

## CHOOSING THE EVALUATION METHOD

The objective of supplier evaluation is to select the supplier best able to provide the goods, services or works

at optimum public value.

The evaluation process must be transparent and auditable. The procedure for evaluating tenders and proposals varies, depending on the nature of the procurement.

All procurement plans (or addendums to procurement plans) must document how the procurement activity will be evaluated, the evaluation criteria and weightings.

The following methods are available for staff to use when selecting suppliers. Be aware that services are often difficult to precisely describe and therefore any price competition has to be carefully managed.

<b>EVALUATION METHOD</b>	<b>CONSIDERATIONS</b>
<b>Weighted Attributes</b>	<p><b>Suitable for goods, works and services</b></p> <p>This method can be used to identify a shortlist in the Registrations of Interest phase of a multi-stage process where the assessment of non-price attributes is the deciding factor.</p>
<b>Lowest Price Conforming</b>	<p><b>Suitable for goods and works</b></p> <p>The Lowest Price Conforming method should only be used when the required output can be clearly specified; it is expected to be used for low/medium risk tenders.</p>
<b>Price/Quality</b>	<p><b>Suitable for goods, works and services</b></p> <p>This method seeks to balance the trade-offs between price and quality.</p> <p>The Price/Quality method should be used where the specified outputs can be priced by the supplier and where Council determines that best value for money will be obtained by selecting the supplier that offers the best combination of price and quality requirements as defined in the RFx.</p> <p>Should be considered where there is room for innovation within the market or there are a number of ways to achieve the desired outcomes or value.</p> <p>Consideration should be given to setting a minimum non-compliant attribute score.</p> <p>The Price/Quality method is an all-purpose evaluation model suitable for the majority of evaluations. Price / Quality models can be found here.</p>
<b>Price Quality Method (PQM)</b>	<p>PQM is used where it is determined that best value will be obtained by having suppliers compete on both price and quality and selecting the supplier that offers the best combination of the two.</p> <p>PQM is a supplier selection method where the quality attributes of suppliers who meet the requirements are graded and the preferred supplier is selected by balancing price and quality through the use of a PQM Evaluation model. The model creates a supplier quality premium, this is the additional amount you are prepared to pay for “quality”.</p>

<b>Direct Engagement / Sole Source Negotiation</b>	<p><b>Suitable for goods, services or works</b></p> <p>Council’s procurement thresholds apply.</p> <p>Direct appointment can only be used where:</p> <ul style="list-style-type: none"> <li>• there are specific risks or situations that limit available suppliers, and/or</li> <li>• it can be demonstrated that an open or closed tender would not add value for money.</li> </ul> <p>Price and other contract terms will then be determined by negotiation.</p>
<b>Purchaser Nominated Price (Target Price)</b>	<p><b>Suitable for works and services</b></p> <p>Purchaser nominated price is a supplier selection method through which Council fixes the price to be paid and advises this through the RFP. Proposals should meet the requirements of the RFP and are evaluated based on quality only.</p> <p>This method is typically used for such activities as strategy studies, feasibility studies, transportation studies and investigations. It is not recommended for works or routine services engagements.</p> <p>If you propose to this evaluation method, first discuss this with the procurement team.</p>
<b>Quality-based (Brook’s Law)</b>	<p><b>Suitable for goods, services or works</b></p> <p>The Quality-based method should be used when Council has determined that best value can be obtained by selecting the best quality services supplier and then negotiating the price with that supplier.</p> <p>A detailed understanding of the supply market and a high degree of subject matter expertise should be in place before considering using the Brooks Law model.</p> <p>Use of an external independent probity advisor should also be considered given the potential complexity and subjective nature of the evaluation and price negotiation</p> <p>If you propose to this evaluation method, first discuss this with the procurement team. <b>WK</b></p>

## EVALUATION CRITERIA / ATTRIBUTES

Evaluation criteria are the specific and objective attributes that will be used to compare submissions. The evaluation criteria should be detailed enough to allow the evaluators to assess the relative strengths and weaknesses of each respondent and they should be identified and described in terms of:

- guidelines for differentiating between submissions
- relative weightings or pass or fail
- a weighting.

To help suppliers understand what is required, a description of each of the evaluation criteria should be provided within the RFX documentation. The criteria should be discussed with the evaluation team prior to the RFX being issued to potential suppliers, and the weightings chosen for non- price attributes should reflect their importance.



## DIFFERENTIATORS

Equally as important as being able to eliminate unsuitable suppliers, we also want to identify what sets each supplier apart and what will add value to Council's business. This is done by considering the project risks and opportunities, as previously identified.

Consider only the significant risk factors that will differentiate the potential suppliers on their ability to deliver the project successfully. Also consider what aspects of the proposal could bring extraordinary results or add value to the procurement activity. Are there opportunities for potential suppliers to drive additional value (eg reduce costs, increase value, downstream financial benefits, shorter project time frames, sustainable outcomes)?

## ATTRIBUTE WEIGHTINGS

It is critical you understand the impact of the attribute weightings you set.

The weightings impact the outcome of the proposal evaluation process by establishing the relative importance of the Price and Non-price attributes that are to be graded.

Weightings are generally documented in the procurement plan and advised in the RFx.

There are various tools to help prioritise, set and quantify the impact of attribute weightings:

- [Pairwise analysis](#)
- [NZTA's weighting attribute tool](#)
- [MoSCoW](#)

For help with deciding attribute weighting contact the procurement team and/or staff skilled in setting evaluation criteria.

**NON- PRICE ATTRIBUTES**

<p><b>Relevant experience</b></p>	<p>The Suppliers previous experience in delivering ‘relevant’ works or services, particularly technical, including on, to budget, at the required quality.</p>
<p><b>Relevant skills</b></p>	<p>The competence of the personnel that the prospective supplier proposes to use, with particular regard to the skills and experience in areas relevant to the outputs being purchase.</p> <p>In some instances, the nature of the works or services to be delivered will suggest that relevant skills should be split into two – technical skills and management skills. Where this is done, the above definition for relevant skills will still apply but the descriptions of the two attributes in the RFx will reflect Council’s desire to consider these two skill areas separately.</p>
<p><b>Methodology</b></p>	<p>Methodology focuses on how the supplier proposes to deliver the output.</p>
<p><b>Track record</b></p>	<p>Not to be confused with relevant experience. Track record can, but does not have to, be demonstrated in delivering the types of works or services similar to those for which proposals are sought – it is often simply about the reputation of the supplier for ‘delivering’.</p> <p>For track record, it is usually the track record of the supplier that is important.</p> <p>Like relevant skills experience though, both the supplier and the personnel that will deliver the works or services could be considered.</p> <p>Track record and a supplier’s reputation for delivery will often be an essential attribute.</p>
<p><b>Resources</b></p>	<p>Resources are the plant and equipment the supplier proposes to use. This non-price attribute is not usually included when proposals for services alone are being sought.</p>
<p><b>Financial viability</b></p>	<p>Information may be sought on the financial viability of potential suppliers which may be reviewed to assess their ability (and the ability of any significant subcontractors) to remain viable through the contract period. The objective is to determine whether a supplier has the financial capability and capacity to establish and manage the contract, including any change requirements.</p>
<p><b>Broader outcomes</b></p>	<p>Information may be sought on what or how a supplier proposes to achieve the broader outcomes specified for your specific procurement activity.</p>

## EVALUATION DECISION MAKING

Consensus is the preferred decision-making process for evaluation teams.

Consensus limits the ability for any one panel member to have a disproportionate influence over the evaluation panels score and promotes the required level of discussion to ensure that the final evaluation score is fair and based on the evaluation teams' collective wisdom.

Averaging of evaluation panel's scores to generate a panel score should be avoided as this minimises dialogue and increases the risk of deficiencies in the prospective supplier's responses not being identified. Averaging can play a role when the scores of individual team members are very close, eg within a small (relevant to the rating scale) point spread.

Wherever consensus scoring is not used, this should be identified and justified within the **Procurement Recommendation Report**.

## EVALUATION RATING SCALE

QLDC uses a number of standard rating scale across different procurements. The rating scale is linked to the procurements level of complexity or the subjectivity of the criteria. The following rating scales are acceptable:

Score	Definition
<b>90 or above</b>	Far exceeds requirements – Response far exceeds Council's requirements and discussions around this attribute required if vendor is selected
<b>75, 80 or 85</b>	Above acceptable – Demonstrates real understanding of Council's requirements and evidence of ability to meet them, and the proposal will add real value
<b>60, 65 or 70</b>	Acceptable – Response to the attribute is acceptable and appropriate evidence given
<b>50 or 55</b>	Less than acceptable – Some deficiencies noted and/or lacking convincing evidence
<b>40 or 45</b>	Poor – Considerable improvement required in this attribute and/or poor evidence provided
<b>35 or less</b>	Total non-compliance – Failed to address requirements or the response is highly inaccurate

Scores should be given in groups of five.

For simple procurements the following evaluation scoring scale may be more appropriate:

RATING	DEFINITION	SCORE
<b>Excellent</b>	Respondent demonstrates exceptional ability, understanding, experience and skills. The proposal identifies factors that will offer potential added value, with supporting evidence.	<b>9–10</b>
<b>Good</b>	Respondent demonstrates above average ability, understanding, experience and skills. The proposal identifies minor additional benefits, with supporting evidence.	<b>7–8</b>
<b>Acceptable</b>	Respondent demonstrates the ability to meet the criteria, with supporting evidence.	<b>5–6</b>
<b>Reservations</b>	Satisfies only a minimum of the criteria but not all. Reservations about the respondent to adequately meet the criteria. Little supporting evidence.	<b>3–4</b>
<b>Serious Reservations</b>	Extremely limited or no supporting evidence to meet the criteria. Minimum effort made to meet the criteria.	<b>1–2</b>
<b>Unacceptable</b>	Does not comply or meet the criteria at all. Insufficient information to demonstrate the criteria.	<b>0</b>

## DUE DILIGENCE

As part of the RFX document we should advise suppliers that we may carry out due diligence on their response. The advice should:

- Set out but limit the types of due diligence being considered
- Set out the anticipated timing of the process (which is normally only completed for the preferred supplier).
- Outline how the information gathered as part of due diligence will be used/impact on the selection process.

The due diligence process should, as a minimum, aim to confirm the capability and capacity of the prospective supplier and any sub-contractor to deliver the required goods, services or works.

General options for due diligence include:

- Financial ability and capacity of the prospective supplier and any sub-contractor to deliver the required goods, services or works
- Assessment of the participants ability to deliver the goods, services or works for the price tendered or proposed
- Credit and trade reference checks
- Referee checks
- Site visits to check the adequacy and condition of infrastructure, equipment, and resources that will be used
- Examination of previous work or product samples.

## THE CONTRACT - TERMS AND CONDITIONS

QLDC has a number of standard contracts that can be used to engage suppliers.

The form of the contract used will depend on:

- the value and complexity of the procurement
- the nature and complexity of the goods, services or works being delivered
- the uncertainties that may be involved in the contract
- any performance measures.

The contracting arrangement that best suits the project’s risk profile should be chosen with risks identified and apportioned, generally, to those parties best able to influence and/or manage the risk.

Our standard terms and contracts include:

<b>Goods and Services</b>	
<b>QLDC Purchase Order Terms (Goods and Services)</b>	<p>Default terms which apply to all suppliers where Council purchases goods and/or services valued at \$10,000 or below.</p> <p>No separate agreement is created, these apply via issuance of a purchase order by QLDC to a supplier.</p>
<b>QLDC Equipment and Goods Supply Agreement</b>	<p>A standard form agreement that is used to engage a supplier for supply of goods only valued from \$1 upwards.</p> <p>This is an agreement created with a schedule to document the goods to be procured and includes provisions for international purchasing on Incoterms.</p>

	<p>Example of use: Equipment and hardware. To be used where the</p>
<p><b>QLDC Master Services Agreement (Technology)</b></p>	<p>A standard form agreement that is used to engage a supplier for technology-related services.</p> <p>This is an agreement created with schedules to be completed to document the services to be supplied, testing regimes to apply and ongoing support services.</p> <p>Example of use: SaaS (software as a service) implementation, subscription for software and ongoing support services.</p>
<p><b>QLDC Consultancy Services Agreement</b></p>	<p>A standard form agreement that is used to engage professional consultants.</p> <p>This is an agreement created with spaces to complete the consultants deliverables, scope of services and agreed rates. It may include milestones against which consultant is paid for services.</p> <p>Example of use: engineer to a contract, peer review engineers, geotechnical consultants, management consultants.</p>
<p><b>Conditions of Contract for Consultancy Services (CCCS)</b></p>	<p>This Agreement is used where the Council is engaging an engineer or architect to provide professional consulting services. Examples include the engagement of an 'Engineer to Contract' under NZS 3910:2013 or NZS 3916:2013, an engineer to provide geotechnical advice, consultancy services by an architect or fire engineer.</p>
<p><b>Conditions of Contract for Consultancy Services Short Form (CCCS Short Form)</b></p>	<p>This Agreement is used where the Council is engaging an engineer or architect to provide professional consulting services that are low value and low risk. The insurance provisions and protections for Council are significantly reduced so this agreement cannot be used where there may be a need for high insurance levels.</p>

<b>Minor Works</b>	
<b>QLDC Minor Works and Services Agreement</b>	<p>A standard form agreement that is used to engage a supplier for installation of goods/products together with ongoing monitoring, support and maintenance.</p> <p>This is an agreement created with schedules to be completed to document the works to be performed, testing regimes to apply, monitoring and ongoing maintenance of field-based products.</p> <p>Examples of use: Installation of IoT (internet of things) technology devices to assets with ongoing monitoring, maintenance and technology support services such as water meter monitors, security systems, access systems and fire protection systems.</p>
<b>QLDC Minor Works Agreement</b>	<p>A standard form agreement that is used to engage a supplier for physical construction works valued at \$500,000 or less.</p> <p>This is an agreement created with schedules to be completed to document the physical works to be performed, bonds and retentions to apply, liquidated damages for delays and when practical completion is deemed to occur.</p> <p>Examples of use: construction of fencing, bunding around 3 water assets, roading construction, toilet block works.</p>
<b>Major Works</b>	
<b>Major Works - Construction Conditions of Contract for building and civil</b>	<p>A New Zealand Standards form of agreement that is used to engage a supplier for physical construction works valued at \$501,000 or above where there is <b>no design element and it is construction only</b> performed by the supplier.</p> <p>This is an agreement created for building and civil engineering works. It includes schedules to be completed to document the physical works to be performed, bonds and retentions to apply,</p>

<p><b>engineering construction NZS 3910:2013</b></p>	<p>liquidated damages for delays and when practical completion is deemed to occur. It also includes QLDC ‘special conditions’ to ensure the contract terms meet these guidelines and the Procurement Policy requirements.</p> <p>Examples of Use: construction of 3 water assets, parks remedial works, major roading works, significant building works (e.g. event centre, arts centres, major refurbishment projects).</p>
<p><b>Major Works - Design and Construction</b></p> <p><b>Conditions of Contract for building and civil engineering – Design and Construct NZS 3916:2013</b></p>	<p>A New Zealand Standards form of agreement that is used to engage a supplier for physical construction works valued at \$501,000 or above where there is a <b>design element</b> performed by the supplier.</p> <p>This is an agreement created for building and civil engineering works where QLDC engages an engineer to administer the contract and oversee design and construction on its behalf.</p> <p>It includes schedules to be completed to document the physical works to be performed, bonds and retentions to apply, liquidated damages for delays and when practical completion is deemed to occur. It also includes QLDC ‘special conditions’ to ensure the contract terms meet these guidelines and the Procurement Policy requirements.</p> <p>Examples of Use: construction of bridges, design and construction of new buildings.</p>
<p><b>Maintenance and Repairs</b></p>	
<p><b>Ongoing maintenance works</b></p> <p><b>Conditions of Contract for building and civil</b></p>	<p>A New Zealand Standards form of agreement that is used to engage a supplier ongoing works on civil assets on a scheduled or reactive basis.</p> <p>This is an agreement created for maintenance works where QLDC engages a supplier as its ongoing maintenance contractor.</p>



<p><b>engineering – Fixed Term NZS 3917:2013</b></p>	<p>It includes schedules to be completed to document the types o maintenance activities, agree schedules of rates for fixed activities and reactive maintenance and renewal of components in or on our physical assets. It also includes QLDC ‘special conditions’ to ensure the contract terms meet these guidelines and the Procurement Policy requirements.</p> <p>Examples of Use: maintenance of 3 water assets, buildings, public spaces.</p>
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To give suppliers the best opportunity to understand and manage risk, a contract should be included and published with your RFX.

If in doubt, discuss your requirements with the procurement or legal teams.

Any departure from QLDC’s standard contracts terms and conditions to meet the needs of a specific procurement activity must be approved by your General Manager prior to releasing the RFX to the market.

If you intend to contract using a supplier’s terms and conditions, these should also be reviewed by Legal.

**INSURANCE REQUIREMENTS**

Insurance is one method used to mitigate financial risk in the delivery of a works, goods, or service contracts.

All suppliers engaged by QLDC should have provide evidence of general or public liability insurance.

Depending on what’s being procured different insurance policies and provisions will be required.

The upper level of insurance required will depend on the risks, size and complexity of your procurement.

Our minimum requirements are:

<b>Contract type</b>	<b>Insurance</b>	<b>Minimum limit of indemnity (sum insured)</b>
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<b>All contracts</b>	Public Liability Insurance	\$2m
<b>Professional Services (CCCS)</b>	Professional Indemnity	\$2m, including continuation of coverage undertaking for up to six years.  May reduce to \$1m based on a risk assessment.
<b>Professional Services (Short form)</b>	Professional Indemnity	\$500k, including continuation of coverage undertaking for up to six years.
<b>Construction</b>	Construction insurance (contract works) for the.  Motor Vehicle Third Party  Contractors' plant insurance  If design included, Professional Indemnity Insurance  Statutory	Minimum of construction price  \$2m    \$2m, including continuation of coverage undertaking for up to six years.
<b>Construction linked with an existing QLDC asset (eg building, or a treatment plant)</b>	QLDC should consider Principal controlled insurance in these events.	Project specific

QLDC's standard contract templates provide guidance on the minimum levels of insurance cover required.

Any reduction to the standard professional indemnity and/or public liability requirements must be approved by your General Manager prior to any binding agreement being entered into, ideally prior to the release to the RFX to the market.

Further support in this area is available from the procurement and legal teams. Our Insurance Broker is also available to support us with our insurance requirements, contact information is available from the Finance team.

### **BONDS AND/OR RETENTIONS**

Under certain circumstances Council can protect itself from the risks associated with supplier performance by specifying a bond or using a payment retention.

A bond is, in effect, a promise by a third party surety, a bank or other financial institution to pay the buyer a certain sum of money if the supplier defaults from their contractual obligations. Caution should be exercised when requiring bonds as they can act as a barrier to completion and deter capable suppliers from dealing with Council.

Retentions are a fund held by the buyer against breach by the supplier. QLDC's default for most works contracts is the use of retentions of 10% from progress payments.

This can be a complex area, so check first with the procurement or Legal teams when considering bonds or retentions.

### **TIME IN THE MARKET**

In order to encourage competition and obtain value for money, RFX periods should allow suppliers an appropriate amount of time to prepare and submit their response. Timelines may be longer than the minimums set out below depending on the nature and complexity of your procurement. If a supplier briefing is part of the tender process, sufficient time for the briefing needs to be included within the timeframe.

Unless justified and approved in your procurement plan, QLDC's minimum time in the market periods follow the Government Procurement Rules.

Days are expressed in full business days:

Be mindful of having similar tenders closing at the same time or within a few weeks of each other. You need to allow suppliers adequate time to prepare their responses. The Government Procurement Rules provide the

following advice.

PROCESS TYPE		MINIMUM TIME RULE	PRI OR CONTRACTOR AWARENESS OF PROJECT	ALL TENDER DOCUMENTS AVAILABLE ON GETS	SUPPLIER'S TENDERS OR PROPOSALS ACCEPTED ELECTRONICALLY	NEW MINIMUM TIME PERIOD (IF ALL ALLOWABLE DEDUCTIONS APPLY)	
<b>One Step Process</b>	RFQ	13	-1	-3	-1	8 days	
	RFT/RFP	25	-3	-4	-3	15 days	
<b>Multi-Step Process</b>	STEP 1	20	20	-3	-4	-3	10 days
	STEP 2	25	25	N/A	-5	-5	15 days

## RFx CLOSING

To provide a consistent approach, RFx's should close Thursday's at 1pm.

## SUPPLIER BRIEFINGS AND SITE VISITS

Where supplier briefings and site visits are a formal part of the procurement process, the RFx should include their time, date, location and how suppliers will be advised of any changes.

Supplier briefings are beneficial for more complex or unusual procurements where the specific nature of the procurement plays a vital role and a briefing provides suppliers with a greater understanding of QLDC's business need and/or an opportunity to explain its culture, a change from "business as usual" or strategic intent.

The preferred timing for a briefing is after the release of the RFx documents. It gives the suppliers an opportunity to review the requirements and arrange for the appropriate people to attend the briefing.

Supplier briefing records should include, at a minimum:

- The names and positions of the people attending
- The date, location and time (start and finish) of the briefing
- The presentation material
- A record of questions asked
- A record of answers
- Any amendments to or clarification of the RFx documents by way of a formal written notice.

Prospective suppliers may request a site visit. If this is not specified in the RfX and a prospective supplier requests a site visit, you may, at your discretion, consent or decline the request. If you consent, a notice must be issued to all prospective suppliers inviting them to visit the site to ensure fair and equal treatment.

## INTERACTIVE RFX

In complex, high value, and/or high risk procurements an Interactive RfX may add value.

Historically, there has been little or no verbal communication with suppliers during the RfX phase. An interactive process departs from this approach and is intended to:

- expand and clarify tenderers' understanding of the buyer's requirements
- avoid tenderers incurring significant costs because of a fundamental misunderstanding or misinterpretation
- minimise the need for re-bid processes based on any lack of clarity from either the buyer or supplier.

The primary aim is to improve the quality of the RfX submissions and therefore the procurement outcome.

An interactive tender process needs to be conducted within a robust framework that ensures the principles of probity are adhered to. For this reason any consideration of using an interactive RfX process must first be discussed with the procurement team.

## COMPLETE YOUR PROCUREMENT PLAN

Completing the Procurement Plan brings together all of the previous analysis and requirements gathered as part of the planning process into a single document.

Both the Lite and Full Procurement Plan templates have the following core elements:

- what we are buying - project scope
- estimated whole of life cost
- risks
- health and safety
- broader outcomes
- procurement methodology
- procurement rationale
- contract type
- evaluation model & criteria
- procurement team
- timeline and key dates

Regardless of the procurement plan used, the level of detail included should reflect the value and risk of your procurement activity and all procurement planning decisions should be justified.

As discussed earlier in sections 6.3 and 6.4, the procurement plan should be approved by the person with the delegated authority for the whole of life cost estimate of your procurement activity.

Once approved your procurement plan must be filed and easily retrievable should your procurement activity be (internally or externally) audited.

## DRAFTING YOUR RFX DOCUMENT

You are now ready to draft your RFX document. The RFX sets out the requirements of the goods, works or service you identified in the earlier Plan sections. The tenderers' responses will be measured against these requirements.

In this step you will:

- fully document Our Requirements
- prepare a Schedule of Prices
- prepare a Basis of Payment
- finalise the evaluation model and cross check with the RFX
- schedule final reviews

## REQUIREMENTS

This is where you describe in detail what it is you want to buy – your Requirements. Requirements are sometimes called: scope of work, terms of reference, statement of work, description of services, specification of goods etc.

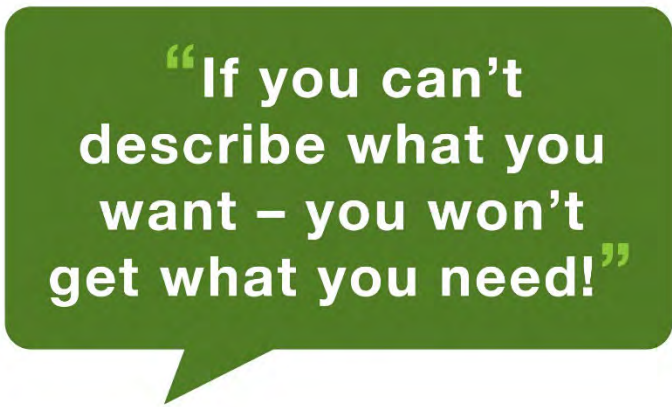
As a starter, you should be able to copy the high level requirements from your business case or procurement plan.

Make sure your requirements link directly to your evaluation criteria and weightings which link directly to the information requested in the Response Form.

- Explain concisely and in plain English, what you need and the outcome/s you are looking for. Think in more detail about the 5 Rs of procurement: right quality, quantity, price, place and time.
- With an RFP the Requirements should be written from a performance (outcomes based) perspective, rather than conformance (inputs based) perspective. This means that the outcomes achieved, or performance, is the driver. This provides flexibility for Respondents in how they propose to deliver the outcomes. It means that you are open to new ideas and innovative alternative solutions.
- Avoid describing goods or services by their design characteristics or brand names if at all possible.

- Include references to:
  - any specific legislation or standards that is applicable to this procurement e.g. health and safety standards
  - state whether or not the standard is required or is simply preferred.

Writing concise requirements is a skill. For help in this area contact the procurement team and/or staff skilled in specification writing.



**RFP TEMPLATES & STRUCTURE**

QLDC has a number of **RFX templates**. They generally follow the approach summarised below:

<b>Background</b>	This procurement relates to the delivery of [insert policy or business outcome that it relates to]. Previously these have been provided by [summarise how the goods or services have been delivered in the past]. Going forward we wish to [insert your strategy for future delivery].
<b>What we are buying and why</b>	This RFP relates to the purchase of [describe the specific goods or services]. The key outcomes that we want to achieve are [insert key outcomes].

<b>What we require: the solution</b>	We are seeking a solution that [describe the specific goods or services required].								
<b>What we require: capacity</b>	We are seeking suppliers that are able to demonstrate the following capacity [describe the supplier capacity].								
<b>What we require: capability</b>	We are seeking suppliers that are able to demonstrate the following capability [describe the supplier capability].								
<b>Contract term</b>	<p>We anticipate that the Contract will commence [insert month and year]. The anticipated Contract term and options to extend are:</p> <table border="1"> <thead> <tr> <th>Description</th> <th>Years</th> </tr> </thead> <tbody> <tr> <td>Initial term of the Contract</td> <td>[insert number of years]</td> </tr> <tr> <td>Options to extend the Contract</td> <td>[insert e.g. up to two extensions of one year]</td> </tr> <tr> <td>Maximum term of the Contract</td> <td>[insert number of years]</td> </tr> </tbody> </table>	Description	Years	Initial term of the Contract	[insert number of years]	Options to extend the Contract	[insert e.g. up to two extensions of one year]	Maximum term of the Contract	[insert number of years]
Description	Years								
Initial term of the Contract	[insert number of years]								
Options to extend the Contract	[insert e.g. up to two extensions of one year]								
Maximum term of the Contract	[insert number of years]								
<b>Key outcomes</b>	<p>The following are the key outcomes that are to be delivered.</p> <table border="1"> <thead> <tr> <th>Description</th> <th>Indicative date for delivery</th> </tr> </thead> <tbody> <tr> <td>[describe first key deliverable / milestone / outcome]</td> <td>[insert delivery date]</td> </tr> <tr> <td>[describe next key deliverable / milestone / outcome]</td> <td>[insert delivery date]</td> </tr> <tr> <td>[describe next key deliverable / milestone / outcome]</td> <td>[insert delivery date]</td> </tr> </tbody> </table>	Description	Indicative date for delivery	[describe first key deliverable / milestone / outcome]	[insert delivery date]	[describe next key deliverable / milestone / outcome]	[insert delivery date]	[describe next key deliverable / milestone / outcome]	[insert delivery date]
Description	Indicative date for delivery								
[describe first key deliverable / milestone / outcome]	[insert delivery date]								
[describe next key deliverable / milestone / outcome]	[insert delivery date]								
[describe next key deliverable / milestone / outcome]	[insert delivery date]								
<b>Other information</b>	<ol style="list-style-type: none"> <li>a. We estimate the quantity to be delivered is [provide details about quantity].</li> <li>b. We require the [goods / services] to be delivered at [insert location for delivery].</li> <li>c. Payment will be [on successful delivery of milestones / at the end of the contract / monthly on invoice].</li> </ol>								



## RESPONSE FORMS

QLDC has a number of [Response Form templates](#). They generally follow the approach summarised below:

They generally follow the approach summarised below:

- Respondent Details
- Respondents Point of Contact
- Response Schedules, including:
  - Attributes
  - Referees
  - Price/Fee Schedule
  - CV's of Key Personnel
  - Insurance provisions
- Respondent Declarations, including:
  - Conflicts of Interest
  - Financial & Legal Proceedings
  - Contractual
  - Assumptions and Statement of Departures
  - General
- Authorised Signatures

## SCHEDULE OF PRICES

The Schedule of Prices sets out Council's assessment of how it wants the RFX priced by suppliers. This can be expressed as prices for items, quantities, deliverables, or outputs which will be involved in completing the contract. The schedule:

- provides information that will enable tenders to be efficiently prepared
- allows different tender prices to be evaluated
- forms the basis of the calculation of for the evaluation and/or the contract
- can assist with the valuation of variations.

The Schedule of Prices identifies items of work and should be consistent with the RFX specifications and the Basis of Payment.

Provisional items may be inserted in the schedule to cover possible variations or additions to the contract work. The purpose of these items is to obtain indicative rates for such work should it be required.

Provisional sums may also be included in the schedule when the scope of an item cannot be fully defined but a sum is required to ensure it can be funded.

## BASIS OF PAYMENT

The Basis of Payment outlines how and when specific items or work from the Schedule of Prices will be paid and should be included in all contracts. The objective when selecting a contract payment type is to ensure there is a reasonable distribution of risk between Council and the supplier.

The different types of Basis of Payments are:

### Fixed Price/Lump Sum

A fixed price payment, also known as lump sum, is used when the scope of works is well defined and the level of cost certainty is acceptable.

### Measure and Value (also known as Time and Materials or Unit Price)

A measure and value basis of payment is a combination of fixed price, cost reimbursement and/or lump sum items, and is a common method of payment for civil works contracts.

### Target Price

This is a fixed price contract, in which Council and the supplier agree to the scope of work for the target price.

### Cost Reimbursement / Cost Plus Fixed Fee or Percentage Fee

Cost reimbursement is most often used when Council can only describe what it needs, rather than what or how it needs to be delivered, ie scope is unclear and/or time is critical. In a Cost Plus Fixed Fee or Percentage Fee arrangement, Council pays all costs incurred by the supplier plus either a management fixed fee, or a fee based on a percentage to cover corporate overheads and profit.

Cost reimbursable contracts have their place in our toolkit but shouldn't be considered as a "business as usual" approach.

Further support in this area is available from the procurement team.

## RFx PROPOSAL ACKNOWLEDGEMENT FORMS

In some situations QLDC requests that prospective suppliers indicate whether they intend to participate in the RFx process. This enables us to:

- understand the level of interest in the RFx and the potential market response
- provide a source of feedback where there is a lower than expected response to an RFx

Confirmation that a Respondent may participate in the process is not binding, and a Respondent may elect not to submit a response after initially indicating it may participate in the process. Alternatively a

Prospective Supplier will not be precluded from submitting a response if the form is not completed.

Submitted Proposal Acknowledgement forms should be saved with your RFx documents.

### **PREPARE THE EVALUATION MODEL AND CROSS CHECK WITH THE REQUIREMENTS & RESPONSE FORM**

QLDC has a number of [Evaluation templates](#) depending on the Evaluation Method adopted in your procurement plan.

As a starter, you should be able to copy the high level Evaluation Criteria / Attributes from the procurement plan.

Once you have developed your evaluation model – check that the information you need from Suppliers is fully aligned with:

- the evaluation criteria and weightings set out in your procurement plan
- how you've described the Requirements
- has actually been requested in the Response Form.

If yes, great news; if not review and amend the necessary documents.

### **REVIEW & APPROVAL TO RELEASE YOUR RFx**

Once the RFx, the Response Form, and the evaluation model have been drafted, they should be checked and reviewed for consistency and alignment. Only then should the RFx be released.

Your RACI should identify who will approve the release of the RFx.

### **PUBLISHING THE RFx ON GETS**

The Government Electronic Tenders Service (GETS) is QLDC's default method of publishing RFx's as it provides wide access to NZ suppliers and is designed to ensure transparency and provide an audit trail.

GETS is a free online portal allowing the public sector to:

- advertise Advance Notices and Notices of Intent
- advertise RFx opportunities and related information
- receive and respond to Supplier questions
- receive GETS activity reports on suppliers who have reviewed or downloaded the attachments of respective tenders or proposals

- receive Suppliers RfX responses.

Contact your business unit's or directorate's Tender Secretary or the procurement team for advice and **procedures** for the use of GETS.

If GETS is not used you should use your Department or Directorate's [procurement@QLDC.Govt.nz](mailto:procurement@QLDC.Govt.nz) email address for release of RFX's and all questions, answers and receipt of responses.

## 8 SOURCE

### STAGE 5 - APPROACH THE MARKET AND SELECT THE SUPPLIER

#### COMMUNICATING WITH SUPPLIERS WHILE YOUR RFx IS IN THE MARKET

With your RFx in the market, it is essential to ensure that all communications:

- do not disadvantage any prospective supplier
- are clear and explicit and where appropriate, show the reasons for any decisions made
- comply with the conditions of submission and require the same of all prospective suppliers
- respect the privacy of prospective suppliers and the confidentiality of their submissions and intellectual property.

Any questions by suppliers during the tender period they should be answered by one person only to ensure consistency of communications.

Staff should not communicate with prospective suppliers during the advertising phase in relation to the RFx. This could be seen by other suppliers as having a bias towards that supplier and ultimately raise the issue of bias or a conflict of interest. If you get contacted, or are aware of contact, please contact the procurement team.

If a question is directed through means other than GETS such as email or phone, the prospective supplier should be asked to re-address the question via the GETS forum. This ensures that all participating suppliers have access to the same information at the same time.

Staff should give suppliers enough time to respond to any additional information. This may mean extending the deadline for responses.

Any questions and responses (excepting those specific to the supplier and/or commercially sensitive) must be sent to all prospective suppliers.

#### COMMERCIALLY SENSITIVE QUESTIONS

If the supplier indicates that they believe their question is commercially sensitive, the question must be assessed by the procurement team and care taken to protect commercially sensitive information while still ensuring that no supplier gains an unfair advantage. This may mean not publicly publishing the question and answer, or the part of the question and answer that is commercially sensitive.

Where the assessment suggests that suppliers question is not commercially sensitive, the supplier should be contacted and given the option of withdrawing the question or agree to have the question responded to publicly.

### **PUBLISHING ADDITIONAL INFORMATION**

QLDC may make changes to an RFX after it has been issued. These must be published as a Notice to Tenderers (NTT) and/or as a GETS Addendum.

Types of changes could include:

- Any aspect of the requirements or technical specifications
- A pre-condition or evaluation criterion
- The ranking or weighting of the evaluation criteria
- The deadline of responses or critical dates in the procurement process
- The rules or conditions that apply to the procurement process

Staff should give suppliers enough time to respond to any NTT or addendum. This may mean extending the deadline for responses or allowing suppliers who have already submitted their responses a fair opportunity to change their responses.

### **Notices to Tenderers (NTTs)**

Every Notice to Tenderers must:

- Be consecutively numbered
- Be issued to all prospective suppliers
- Be filed.

### **FACILITATING SUPPLIER BRIEFINGS**

If a briefing was identified in the RFX, suppliers should be given enough time before the briefing to read the documentation and arrange for the appropriate people to attend.

Group briefings of all suppliers is our preferred approach as this ensure that all participants receive the same information and that no participant receives an unfair advantage. If individual briefings are necessary, care must be taken to ensure that all suppliers are treated equally.

A record of all questions and answers given as part of the briefing should be documented and issued via an NTT immediately following the briefing(s).

## EXTENDING THE RFX PERIOD

There may be instances where a potential supplier requests and/or the Council considers an extension to the original tender period.

Extensions should only be considered where:

- We have provided additional information in the form of an addendum or NTT or as a response to a forum question which requires suppliers to reassess or update their responses.
- The market (not just a single supplier) has indicated that insufficient time has been granted to provide a quality response to the RFX.
- Technical/system difficulties with accessing or responding to the proposal or tender has effectively reduced the total number of days in the market.

If any decision is made to extend the RFX period, the extension must be granted to all participants and formally communicated via an NTT or GETS.

## LATE RESPONSES

Any RFX response received after the closing time / date is considered invalid. However QLDC reserves the right to accept late submission at its sole discretion.

Any late submission where QLDC Council chooses not to exercise its discretion should not be opened and returned to the supplier unopened.

Discretion to accept late responses should consider the following:

- The reason for the late submission (eg technology issues)
- Whether the additional time would give an actual or perceived advantage to the supplier making the late submission.

The identity of the supplier making the late submission should not be considered as part of decision to accept or not a late submission.

If you propose to accept a late response, first discuss this with the procurement team.

## RECEIPT PROCESS, COMPLIANCE CHECKING, REVIEW OF COI

All responses received must be recorded on the proposal receipt form including the RFX name and reference, the respondents name, number of envelopes and the number of envelopes received, to ensure that an accurate record or receipt is created.

Your Tender Secretary has access to the appropriate forms and the defined [process](#).

## EVALUATING OFFERS

To ensure suppliers are treated fairly, impartially and equitably, prior to commencing evaluations every member of the evaluation team should reconfirm their conflict of interest and confidentiality declaration. Once the form has been submitted and any conflicts resolved, evaluation team members can proceed to the first stage of evaluating the Rfx responses.

Supplier selection should be based on the process and methodology set out in the RFX. You should not deviate from the requirements in the RFX as this can affect integrity of your process and may result in challenge. If you need to change any aspect of the process or methodology you are obliged to notify all potential suppliers and give them enough time to respond to the change being made. The length of time provided will depend on the nature of the change.

### Key Points

- Any offer that fails to meet the mandatory or prequalifying requirements should be eliminated from the process.
- It is important to consider how a potential supplier's proposal is relevant to the outcome being purchased. For example, where an output can be delivered by personnel with a relatively modest level of skills and experience, awarding a higher grade because a supplier is offering personnel whose skills significantly exceed the minimum required may not be justified.
- Each offer must be considered on an equitable basis.
- The evaluation should consider capability, capacity and public value over the lifecycle of the procurement.
- Due diligence should be used to verify that the preferred supplier has the capacity and capability to successfully deliver against the specified requirements.

The evaluation teams recommendation must be documented with information to support the scores awarded and the ranking of offers. The rationale for the evaluation teams recommendation must be based on the findings of the evaluation team. The recommendation must be supported by clear, transparent and justifiable reasoning.



## ALTERNATIVE RESPONSES

All RFx's issued by QLDC should clearly state whether alternative tenders or proposals are permitted, and whether or not they should be accompanied by a conforming proposal. Alternative responses may only be assessed where the response has been allowed for in the RFx documentation.

It is usual practice to permit alternative tenders and to require them to be accompanied by a conforming tender. Only in exceptional circumstances will the requirement for an accompanying conforming tender be waived.

Alternative tenders are normally submitted when a supplier believes their proposal offers a saving in price or whole of life costs, or greater public value while achieving the same overall results. An alternative tender should be clearly labelled 'Alternative Tender' and outline in what respects it differs from the specifications in the RFx documents.

If alternative proposals are not permitted, staff should clearly justify and document their reasons for that decision in the procurement plan.

The RFx should reserve the right to reject any alternative proposal, regardless of the outcome of the evaluation.

QLDC will not accept alternative tenders that are outside the scope or requirements or outcomes sought in the RFx. When the alternative is outside the scope of the RFx but offers a better outcome, it is possible to decline all proposals and reissue an RFx with amended requirements. Extreme caution should be exercised if this approach is contemplated, and advice must be obtained from the procurement and legal teams.

## ERRORS & OMISSIONS

Errors and omissions in responses can arise from many sources such as:

- typing or arithmetic errors
- omitting or double counting a schedule item
- omitting a contingency amount
- error in rate extension or quantity to price

If any proposal contains an error and we become aware of the error prior to acceptance of any proposal, then QLDC may draw the error to the attention of the supplier. Where the error is obvious, and if corrected would not prejudice the position of the other suppliers, QLDC may consult with the relevant supplier and correct the error.

The submission of incomplete information is another problem which can arise in evaluations; typically something specifically asked for in the RFx is not supplied or only partially supplied. Allowing extra information to be added after the closing date maybe considered unfair on other suppliers as it effectively gives one supplier extra time to complete their submission. Asking for extra or missing information is not the same as

seeking clarification of the information submitted; clarification is permitted whereas the provision of extra or missing information should be considered carefully, including the time allowed to respond.

If you find an error or propose to request incomplete information, first discuss this with the procurement team.

### **TAGS, QUALIFICATIONS, ENDORSEMENTS & ASSUMPTIONS (NON-CONFORMITIES) & TIMING OF ACTION**

RFX non-conformities are caveats or exclusions that a supplier is seeking from RFX terms; assumptions made by the supplier may have a similar outcome to a non-conformity. Our standard RFX terms provide that we can treat non-conformities in a number of ways:

- evaluate or reject such proposals;
- assign a price to any non-conformity;
- request the supplier withdraw or revise any non-conformity without any adjustment to the proposal price; and
- request the supplier to withdraw or revise any non-conformity with adjustment of the proposal price.

Generally is it preferable to make the treatment decision prior to the evaluation, or alternatively this can be managed in negotiations with the successful supplier.

Which treatment you choose, and the timing of that action are procurement specific questions. For support in this

### **CANCELLING AN RFX**

An RFX should only be cancelled in exceptional circumstances.

Such circumstances might include;

- All responses received are non-compliant
- There is evidence of collusion between participants
- A significant probity concern arises during the procurement
- There has been a significant change to the goods, services or works being sought
- The responses do not represent public value.

If you propose to cancel an RFX, first discuss this with the procurement team.

## EVALUATING PROCEDURES

Each evaluation methodology has a different procedure. Our evaluation methodologies are spreadsheet based and these guide the user.

Staff and external advisors evaluating tenders should have the necessary competencies for the type and level of procurement undertaken. If in doubt, seek guidance from the procurement team.

## STAGE 6 - NEGOTIATE AND AWARD THE CONTRACT

### NEGOTIATION

Negotiation is about reaching agreement on the essential terms of the contract and the deliverables under the contract. It can be a form of trading where both parties are seeking something from the other, there is an exchange of offers, concessions and bargaining.

For collaborative relationships the focus will be on gaining a win-win solution. For tactical relationships the approach will be competitive.

QLDC's RFX templates enable us to negotiate with a preferred supplier on contract terms: scope, time, price, quality or any other aspect of the proposed contract, before a contract is let. As a rule, Council will negotiate first with the highest ranked supplier. If the outcome of the negotiation is unsatisfactory it will then negotiate with the next highest ranked supplier, and so on, until a satisfactory outcome is achieved (or not achieved). We do not have to take the lowest, or any, response.

Staff involved with negotiating or establishing contracts should have appropriate knowledge of the contract and legal requirements, have the delegated authority, and understand negotiation.

Any negotiation should be consistent with the negotiation process outlined in the RFX.

It should be noted that a verbal agreement can be regarded as legally binding when the elements of a legally binding contract exist. It is, therefore, very important that before all negotiation meetings it is made clear to the other party and recorded in the meeting minutes that any points negotiated by the negotiation team are subject to approval (if appropriate) and ratification by the appropriate delegated authority, and that no contract will exist unless and until a written contract is executed by QLDC and the relevant party.

By the end of the negotiation, all parties should have clear expectations about their obligations and have agreed on issues that might have an effect on the price and any other contractual obligations before a contract is signed. It is important that the negotiation process and outcomes are documented and included with the contract.

Note that best value for money is not likely to be obtained if suppliers expect that negotiation will be used to reduce their price where a competitive process has already been used to encourage suppliers to offer their best price.

Negotiations should be fair and ensure that the agreement is sustainable and does not compromise the outcome.



Diagram 8.1 – 5 Steps to negotiation (from Mastering procurement)

### DOCUMENTING THE EVALUATION PROCESS AND EVALUATION RECOMMENDATION

The Local Government Official Information and Meetings Act 1987 requires Council to provide reasons for their decisions. An evaluation team may be called on to provide reasons, for example, for failing a tender on a non-price attribute or judging a proposal inferior to the proposal submitted by the preferred supplier. Adequate records of key procurement decisions must be saved with your RFX documentation in QLDC’s records management system.

The complexity of the procurement will determine the nature and amount of documentation required. QLDC must keep sufficient records to show that due process was followed with consideration being given to each offer that overall principles of equity and fairness were observed when responding to queries from unsuccessful suppliers; that it has recorded the outcome of meetings or correspondence during the procurement process; and provided evidence for audit purposes. The documentation of the evaluation decision will depend on the nature of the RFX and the complexity of the evaluation process. The on-line form – [Procurement Recommendation Report](#) is sufficient in most circumstances.

## PROCUREMENT RECOMMENDATION REPORT

The online form – Procurement Recommendation Report (and attached evaluation model/supporting documentation) provides the summary of the evaluation including:

- the names of prospective suppliers
- the prices received
- the evaluation criteria and weightings
- any pass or fail requirements
- a summary of the ranking or scoring
- the consensus decisions reached
- a recommendation from each member of the evaluation team
- is approved by the holder with the appropriate delegated authority.

The **Procurement Recommendation Report** can be used for any procurement and should be used for all procurements that originate from a Full Procurement Plan.

## SCORE SHEETS

Any personal notes and individual score sheets created by evaluation team members should not be kept as they may not reflect the final consensus decisions of the evaluation team.

## NOTIFICATION TO SUPPLIERS

The decision to notify suppliers of the procurement outcome is typically made when the evaluation panel's recommendation on the preferred supplier has been approved, and any conditions attached to the recommendation (e.g. subject to reference checks) have been resolved. To ensure transparency you need, at the very least, to communicate the two key decisions relating to the award:

Step 1: Once the contract award decision has been made, promptly inform all the suppliers that submitted responses – either by phone, e-mail or letter.

Step 2: Once the contract has been awarded (signed by both parties), promptly publish a notice (the Post-Award Notice) on GETS. Your Tender Secretary can support you in this process.

## ACCEPTING AND DECLINING OFFERS

Examples of QLDC's process and the templates for advising suppliers whether their response has been accepted or declined are provided [here](#).

## CONTRACT DOCUMENTATION

Ensure that any updates are made to the contract that resulted through the procurement process from the likes of Notice to Tenderer's, GETS addendums and/or negotiations; and that the correct version of the contract and the schedules are presented for signing and that the documents are dated, as the terms may commence on the date of signing.

The timing for the preparation and signing of contract documents may be stated in the RFx. If not, the contract documentation should be prepared as soon as practicable following the awarding of the contract and be signed by the supplier and Council (under the appropriate delegated authority).

Once executed the contract cannot be varied, except by agreement.

Following the document signing process, staff must ensure one set of the documents is retained by QLDC (the original) and a duplicate forwarded to the supplier.

An original of the final signed contract and any appendix documents must be scanned to QLDC's records management system and be attached to the record in the contract register. A hard-copy is not required to be kept, but maybe useful for the contract manager.

The contract documentation should be fully completed by all parties before any delivery of works, goods, or services is commenced.

## CONTRACT REGISTER

Where any procurement activity results in a contract for a whole of life cost greater than \$10,000, the contract must be entered into the [Contract Register](#).

As well as key contract data, the Contract Register requires you to complete via drop-down boxes the following:

- Procurement Method
- Procurement Rationale
- Contract Type.

This step is critical as it provides the basis for our management and governance reporting.

Once you have entered your contract in the Contract Register you should then link your Purchase Requisition to the contract.

## SUPPLIER DEBRIEFS

A good debrief to both successful and unsuccessful suppliers at the end of the RFX helps to identify areas where buyers can improve in future RFX's. It gives suppliers the chance to ask questions about the process and to improve their knowledge and understanding of our procurement processes.

It also allows you to show your transparency and accountability in awarding contracts.

The feedback should extend to providing the reasoning behind the scores allocated in the evaluation process.

And it's a two-way street – suppliers should be encouraged to provide feedback and suggest areas and ideas that could make it easier for suppliers to do business with QLDC.

The supplier debrief sessions can be very constructive as they may:

- illustrate to the supplier how they can improve their performance in future competitive processes
- educate the market on QLDC's requirements and standards
- ensure a better understanding of the result; and
- pre-empt any disgruntled feelings about the process from developing into legal challenges of the process.

Prior to any such session you should:

- familiarise yourself with the submission and the reason the supplier was not successful
- identify the strengths and weaknesses of the submission
- ensure the suppliers identify the name and position of those who will be attending the feedback session on their behalf so you can prepare for the meeting.

During any such a session, you should avoid:

- discussion about other supplier's submissions or offers
- comparative statements about suppliers.

After any feedback session you should keep a written record of:

- the attendees
- the information provided to the unsuccessful supplier
- any issues arising
- details of information requested by the supplier that was not able to be disclosed
- suggested improvements to the procurement process.

## LESSONS LEARNED / REVIEW

Depending on the complexity of the procurement consider reviewing the plan and source stages once the contract has been awarded. This will ensure that any learnings that may lead to improvements in future procurements are captured.

Consider:

- stakeholder engagement and relationship management
- quality of specification of requirements
- market research and approach to market strategy
- effectiveness of the evaluation methodology and
- due diligence
- performance of the evaluation team
- conduct of negotiations
- award of contract process
- outcomes against objectives.

Retain records of your Plan/Source review to include with your final review, following the Manage phase.



## 9 MANAGE

### STAGE 7 - MANAGE THE CONTRACT AND RELATIONSHIPS

#### THREE PILLARS OF CONTRACT MANAGEMENT

Effective contract management relies on three separate but interrelated factors: relationship management, service delivery management, and contract administration.

#### SUPPLIER RELATIONSHIP MANAGEMENT

In contract management, it's important to develop and maintain effective working relationships with suppliers to ensure:

- roles, responsibilities, and delegated authorities are understood
- effective communication occurs and disputes are minimised and resolved
- councils' expectations are met

Supplier relationship management is the ongoing strategic management of the contract. The relationship manager should be appointed as early as possible, to ensure they have a full understanding of the background and objectives of the procurement. The contract manager often assumes this role.

#### SERVICE DELIVERY MANAGEMENT

Managing service delivery ensures that a contract is being delivered to the required levels of performance. It ensures responsibilities are clearly defined and assigned, in order to achieve the objectives. Performance management includes:

- receiving and reviewing suppliers' reports
- regularly reviewing suppliers' performance and delivery against contract
- aiming for continual improvement
- monitoring to ensure delivery meets requirements, including quality, standards, and service levels
- mitigating risks
- proactively managing under-performance
- monitoring and recording public communication and feedback

## CONTRACT ADMINISTRATION

The key procedures involved in contract administration are:

- maintaining contract-related documentation and keeping records
- managing key contract dates
- ordering goods, services or works
- timely payment for goods, services or works
- monitoring deliverables
- monitoring expenditure and budgets
- controlling changes and variations to the contract
- managing and planning resources
- undertaking management reporting
- managing assets.

## HEALTH & SAFETY

QLDC has obligations as a principal under the Health and Safety in Employment Act 2015. This means that we will take all practical steps to ensure safe work practices are employed by our suppliers. We require all suppliers we engage with to comply with these requirements and actively explore ways of promoting best practice Health and Safety through the procurement lifecycle and across their extended supply chain, including sub-contractors.

## STAGE 8 - REVIEW

### REVIEW

There are generally two types reviews that should be carried out immediately after the close-out of the contract: a supplier performance review and an outcome & process review.

The information from these reviews can be added to the findings from any previous reviews carried out over the procurement (in particular following the Source phase) to give a complete picture of the success of the process, and any learnings that can be applied to future procurements. Following large and/or complex projects, or those that have a high public impact, a postimplementation review (PIR) of the whole project is typically carried out six to 18 months after the contract has been completed.

### SUPPLIER PERFORMANCE REVIEW

Where regular reporting and reviews have been undertaken, performance will have been recorded during the contract. While this will provide a gauge of whether the supplier met agreed delivery standards, key stakeholders should be contacted to get their views on supplier performance, which may not be reflected in the records to date. It is useful to collate the information from the reviews during the contract and feedback from stakeholders, to ensure full information is available for future procurements. Consider:

- were the goods, works or services delivered to the required quality?
- were the goods, services and works delivered in a timely manner?
- were all terms of the contract complied with?
- were costs as projected, within budget?
- was any corrective action needed to ensure the supplier delivered what it was required to?
- did the supplier bring any improvements or innovation to their delivery over the course of the contract?
- was the supplier easy to work with?
- the quality of our relationships with supplier and key stakeholders
- the supplier's management of risk.

### OUTCOME & PROCESS REVIEW

Following the end of the contract, a review of contract outcomes and processes should be carried out to inform planning for future similar contracts. Consider:

- have the anticipated benefits been received?
- has the initiative delivered public value?
- are there opportunities for improvements in future similar procurements?
- what lessons have been learned and how could these be implemented?
- how has the project contributed towards the desired outcomes?
- how effective has Council's contract management been?

- how effective has Council’s relationship management been?
- what changes to service delivery methods would have improved the process?

## 10 INFORMATION WE MAKE PUBLIC THROUGH GETS & THE QLDC WEBSITE

Quarterly, QLDC will publish on its website:

- Contracts awarded via GETS
- Supplier spend (greater than \$50,000 in any financial year).

## 11 REPORTING

QLDC will develop regular reporting on:

- Usage of Procurement Departure Requests
- Purchase order activity for “Less than \$10,000” expenditure (Spend Bracket 1)
- Contracts Register - spend “From \$10,000” (Spend Brackets 2 & 3), including:
  - Procurement Method
  - Procurement Rationale
  - Type of contract.

## 12 EMERGENCY PROCUREMENT

A departure from our standard procurement practices is acceptable under emergency situations when Council is required to make time-sensitive decisions to ensure an effective management response. This response activity can relate to either:

- Civil Defence emergencies- where Council activates an Emergency Operations Centre (EOC) in response to a major emergency event
- Business Continuity disruption- where council activates its BCP Team in response to a major Council services outage

Under a Civil Defence emergency, Council procurement decision-making is led by the Duty Controller and managed through the Logistics function. The National Emergency Management Agency (NEMA) has established legislative framework and guidelines that dictate the legal boundaries, authorisation process and reimbursement protocols that Councils need to follow. Training in these requirements is provided under the EOC training programme that is led by Emergency Management Otago.

Under a major Business Continuity disruption event, Council will form a BCP Team and any procurement decision-making will be led by the assigned BCP Leader and duty General Manager. Fast-tracking purchasing of necessary goods or services to expedite the reinstatement of Council services is acceptable, however Delegated Authority limits for approval of purchase orders will remain in place, unless amended by the CE. All suppliers of significant services must have BCP provisions in their contracts to ensure they can support the timely reinstatement of key Council services.

If you are procuring works, goods or services in an emergency, it is important that you document and account for all emergency procurement activity to safeguard against any risk of mismanagement, allegations of corruption or perception of bias.

### 13 UNSOLICITED UNIQUE PROPOSALS

Should QLDC receive an unsolicited unique proposal, the process will be managed with reference to [MBIE's Guide to Unsolicited Unique Proposals](#).

Prior to any response and/or engagement, you must first consult with the procurement team.

## APPENDIX 1 – DEFINITIONS

Procurement Policy	Link <a href="#">here</a>
Procurement	<p>Procurement covers all aspects of the business processes associated with purchasing the works, goods and services QLDC uses to run its operations and deliver on its objectives. It starts with identifying needs; then planning the best way to meet them; continues through sourcing the works, goods and services; then managing the contract; and ends with expiry of the contract or the disposal / repurposing of an asset at the end of its useful life.</p> <p>QLDC Procurement Policy, section 3.</p>
Procurement Plan	<p>A procurement plan sets out the “what” and “why” of the procurement activity. Procurement plans should have a level of detail that reflect the size, value and complexity of the procurement activity. A procurement plan should cover:</p> <ul style="list-style-type: none"> <li>• what you intend to procure</li> <li>• how and why you intend to approach the market a certain way</li> <li>• how and why you will evaluate bids a certain way, and</li> <li>• the type of contract you intend to use.</li> </ul> <p>The procurement plan outlines the procurement process, from sourcing, high level contract management and your indicative exit strategy (if relevant).</p>
Contract Register	A module within our TechOne ERP system.
RFx	<p>Request for: Proposal, Tender, Quote, etc.</p> <p>A generic term covering all of the above.</p>
Request for Proposal / RFP	<p>A formal request asking suppliers to propose how their goods or services or works can achieve a specific outcome, and the price.</p> <p>An agency may be open to innovative ways of achieving the outcome.</p>
Request for Tender / RFT	<p>A formal request asking for offers from potential suppliers to supply clearly defined goods or services or works.</p> <p>Often there are technical requirements and a prescriptive solution.</p>

Open RFx	A formal request asking ALL suppliers to propose how their goods or services or works can achieve a specific outcome, and their prices.
Closed RFx	A formal request asking a LIMITED NUMBER of suppliers to propose how their goods or services or works can achieve a specific outcome, and their prices.
RFQ – Formal	Request for Quote  A formal request asking potential suppliers to quote prices for ‘stock standard’ or ‘off-the-shelf’ goods or services or works, where price is often the most important factor.
RFQ – Informal	A less formal RFQ where the request may be via email or phone to one or a number of suppliers.
Expression of Interest (EOI) / Registration of interest (ROI)	The purpose of an EOI is to enable an agency to identify and short list potential suppliers. The request for EOI seeks basic information from interested suppliers to allow an initial evaluation of their suitability.  An EOI is the first stage of a multi-stage tender process. Shortlisted suppliers are asked to submit full proposals/tenders through a RFP/RFT. The responses provide more detailed information on capacity, capability, technical knowledge, experience and organisational and financial standing. This allows a full evaluation and selection of the preferred supplier.  An EOI can be used where there are potentially very large numbers of suppliers and it is not sensible to invite all to submit full proposals/tenders. An EOI is the same as a ROI.
Request for Information (RFI)	The purpose of an RFI is to get more information on and gain a better understanding of the suppliers in the market and their goods/services. It helps identify the range of possible solutions available.  It is not a request for offers and should not be used as a mechanism from which to directly select suppliers.
Panel	A type of framework agreement that governs the relationship between QLDC and each panel supplier. It sets out the terms and conditions that the parties agree to contract on in the event that the panel supplier is allocated a contract to provide specific goods, services or works.
QLDC Panel	Where QLDC has the responsibility to setup and maintain the Panel of suppliers.

AoG Panel	All of Government. Where NZ Govt Procurement has the responsibility to setup and maintain the Panel of suppliers.
Sole Source Negotiation / Direct appointment	A process where a single supplier is asked to propose how their goods or services or works can achieve a specific outcome, and at what price. The contract opportunity is not openly advertised.
Contract	a contract is enforceable when both parties agree to something, back the promise up with money or something of value, both are in sound mind and intend to carry out their promise and what they promise to do is within the law.
Public Value	Public value means getting the best possible result from procurement, using resources effectively, economically, and without waste, and taking into account: <ul style="list-style-type: none"> <li>• the total costs and benefits of a procurement (total lifetime cost of ownership), and</li> <li>• its contribution to the results you are trying to achieve.</li> </ul>
Broader Outcomes	Broader outcomes are the secondary benefits that are generated by the way goods, services or works are produced or delivered. These outcomes can be social, environmental, cultural or economic benefits, and will assist QLDC in delivering long term public value.
QLDC's objectives	Are described in the Procurement Policy and include: <ul style="list-style-type: none"> <li>• <a href="#">Vision Beyond 2050</a></li> <li>• <a href="#">Climate Action Plan</a></li> </ul>
Delegated Authority	<a href="#">Register of Delegations</a> <ul style="list-style-type: none"> <li>• Delegations from Council to the Chief Executive (page 36)</li> <li>• Sub-Delegations Financial (page 73)</li> <li>• Schedule 1 Specified Officer Categories (page 156)</li> </ul>
Buyers	QLDC, our staff, our contractors and consultants when they're acting on our behalf
Suppliers	The suppliers of the works, goods and services
Conflict of interest	A conflict of interest is where a person is compromised when their personal interest or obligations conflict with the responsibilities of their job or position. It means their independence; objectivity or impartiality can be questioned. A conflict of interest can be:



	<ul style="list-style-type: none"> <li>• <b>actual:</b> where the conflict already exists</li> <li>• <b>potential:</b> where the conflict is about to happen, or could happen</li> <li>• <b>perceived:</b> where other people might reasonably think a person has been compromised.</li> </ul>
Whole of Life Cost	<p>The cost of the initial purchase plus any:</p> <ul style="list-style-type: none"> <li>• future scope increases, or stages, that could be reasonably foreseen</li> <li>• rights of renewal</li> <li>• additional costs, e.g. service agreements, contemplated in the initial purchase.</li> </ul>